COMMITTEE PRINT—UNREVISED

Note.—This print is for the immediate use of the committee and is subject to correction

E. W. G. HUFFMAN, Clerk.

ECONOMIC SECURITY ACT

HEARINGS

BEFORE THE

COMMITTEE ON WAYS AND MEANS
HOUSE OF REPRESENTATIVES

SEVENTY-FOURTH CONGRESS

FIRST SESSION

ON

H. R. 4120

No. 5

JANUARY 28, 1935

UNITED STATES
GOVERNMENT PRINTING OFFICE
110098 WASHINGTON : 1935

COMMITTEE ON WAYS AND MEANS

ROBERT L. DOUGHTON, North Carolina, *Chairman*

SAMUEL B. HILL, Washington
THOMAS H. CULLEN, New York
CHRISTOPHER D. SULLIVAN, New York
MORGAN G. SANDERS, Texas
JOHN W. McCORMACK, Massachusetts
DAVID J. LEWIS, Maryland
FRED M. VINSON, Kentucky
JERE COOPER, Tennessee
JOHN W. BOEHNE, Jr., Indiana
CLAUDE A. FULLER, Arkansas
WESLEY E. DISNEY, Oklahoma
ARTHUR P. LAMNECK, Ohio
FRANK H. BUCK, California
RICHARD M. DUNCAN, Missouri
CHESTER THOMPSON, Illinois
J. TWING BROOKS, Pennsylvania
JOHN D. DINGELL, Michigan

ALLEN T. TREADWAY, Massachusetts
ISAAC BACHARACH, New Jersey
FRANK CROWTHER, New York
HAROLD KNUTSON, Minnesota
DANIEL A. REED, New York
ROY O. WOODRUFF, Michigan
THOMAS A. JENKINS, Ohio

E. W. G. HUFFMAN, *Clerk*

CONTENTS

ECONOMIC SECURITY ACT

MONDAY, JANUARY 28, 1935

HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

The committee met at 10 a. m., Hon. Robert L. Doughton (chairman) presiding.

The CHAIRMAN. The committee will be in order.

The meeting this morning is for the purpose of continuing hearings on H. R. 4120. The first witness on our calendar is Miss Josephine Roche, Assistant Secretary of the Treasury.

Miss Roche, will you please come forward and give the reporter the necessary information, for the record?

STATEMENT OF MISS JOSEPHINE ROCHE, ASSISTANT SECRETARY OF THE TREASURY

The CHAIRMAN. You have the privilege, under the rule by which we have been governed, of making your main statement without interruption, then we hope you will yield to the members of the committee for such questions as they may desire to propound.

Miss ROCHE. Thank you; or you may interrupt me at any time.

Mr. Chairman, I wish to make only a very brief statement this morning personally regarding the public-health provisions under title VIII of the bill that is before you for consideration, and to mention very briefly its importance as a major factor in the development of a security program.

We are filing with your committee considerable data in a report which gives the conditions for which this appropriation is so greatly needed and takes up the administrative and cooperative procedure between the Federal Government, the States, and the local communities through which the most lasting and maximum results sought by title VIII may be achieved.

May I say, sir, there is present the Surgeon General of the United States Public Health Service, Dr. H. S. Cumming; Dr. C. E. Waller, the Assistant Surgeon General in charge of the Service's work in connection with the States; and Dr. L. R. Thompson, who is in charge of the Service's scientific research. They are here to discuss such matters with you as you may desire to have presented in detail, or to answer any detailed questions.

We have received in the last few weeks many telegrams, and letters also, from various State and local health officials and public-health agencies, setting forth their needs for the work and assistance provided for in title VIII. Copies of these are being filed herewith with our report.

I understand that your committee will probably hear, later in the week, some of the State public-health officials, before the hearings are closed.

Title VIII of the bill is relatively simple, and provides for $10,000,000 to be appropriated for the year 1936, and the same amount is authorized to be appropriated annually thereafter, to be allocated to the United States Public Health Service to be expended as outlined in title VIII of the bill.

Eight million dollars of this amount is to be alloted by the United States Public Health Service to the several States and the District of Columbia, in amounts determined on the basis of their repective needs, for the purpose of developing State health services, including the training of personnel for State and local health work, and of assisting counties, health districts, and/or other political subdivisions of the States in maintaining adequate public-health programs; and by that one means programs which make practical application, for the benefit of all citizens, of approved and tested public-health methods for the control of disease and the improvement of community sanitation. Payment of any allotment, or installment thereof, is to be made only after the Secretary of the Treasury has made a finding of fact that there is need to make such money available in each State.

Together with this provision for furthering the application of known methods of preventing and controlling disease, through helping build adequate State and community public-health services, the bill provides for the equally needed investigation into certain health problems which affect many, or all, of our States; such as the problems of stream purification, sewage, and industrial-waste disposal, the nature and prevention of water-borne epidemics and diseases, the methods of malaria control, the investigation of health hazards in industry and practical methods for their control; the investigation of such diseases as rural epidemic typhus fever in a number of the Southern States, encephalitis or the so-called "sleeping sickness", infantile paralysis, and Rocky Mountain spotted fever which is now a problem in almost every State.

For the purpose of such investigation and for employing such Public Health commissioned officers, such experts, and other personnel from the civil-service lists as are necessary to carry out the purposes of title VIII, it is provided in section 803 that $2,000,000 of the total $10,000,000 shall be annually available to the United States Public Health Service.

The $10,000,000 provided for in the title is but a very small part of the amount needed for public-health work to reach even a necessary minimum of efficiency. Not less than $1 per capita has been found a necessary annual expenditure in communities with even moderately satisfactory health services. This would mean $126,000,000 a year, on a minimum estimate, for the country as a whole. States and local communities, however, are altogether spending but $83,000,000 a year approximately, so that this Federal appropriation would leave the financial responsibility for developing and maintaining an adequate health service very largely on the State and local governments. It would, however, be an enormous help and stimulus in providing the aid it is intended to give, particularly in developing and making available the greatly needed trained public health personnel without which the program cannot satisfactorily be put into effect or progress.

The public-health group is justified in having a special sense of the needlessness of much of our human waste, because facts in their field show how much can be achieved in conserving human health and life when even moderate and intelligent provision is made for public-health work. As a consequence of the achievements of research, the discoveries of medical science and their application to the prevention and treatment of diseases, there has been in recent years a decline in our general death rate. Yet, in 1933, of the 1,342,073 deaths that occurred, approximately 250,000 were from preventable causes. These deaths alone represented a money loss in human life conservatively estimated at $735,716,000. That year 120,000 babies under 1 year of age died. Half of these deaths could have been prevented, leading health authorities state. There were 74,000 deaths from tuberculosis. This death rate, also, could have been reduced by 50 percent, had known methods of prevention been available and in use.

The depression years have made heavy inroads on those suffering most in loss of income and jobs. Recent surveys by the United States Public Health Service in cooperation with the Milbank Memorial Fund of 10 industrial localities where the depression conditions were typical show that during the period 1929–32 the death rate in families with no employed members or part-time wage earners increased 20 percent, while in those families which had full-time wage earners it declined. Furthermore, although data for 1934 are not yet complete, for the first half of 1934 the general mortality rate in cities of 100,000 population and over is reported to be appreciably higher than in the same period of 1933.

Equally important with death rates, perhaps more so, is the amount of preventable disabling illness that does not show in the mortality figures. In this survey just referred to of the 10 localities, it was found that the disabling-sickness rate in families which had suffered the most severe decline in income in those years from 1929 to 1932 was 50 percent higher than that of families whose economic status was not greatly reduced.

In that same year, 1933, more han 43,000 cases of typhoid fever alone caused an estimated loss of $8,600,000 for medical care. Nearly 60,000 cases of diptheria caused a loss of $2,961,000. These two diseases are now regarded as almost entirely preventable if known methods of prevention could be universally applied.

A recent survey by the Public Health Service showed by actual blood test of only 200,000 people in 11 Southern States a total of 14,000 known cases of malaria. This survey was made during the winter, when malaria is least active, and included only school children. It is estimated that in the whole population in the malarious section of the South there are, every year, at the height of the malaria sea on, probably 6,750,000 cases of malaria.

The staff of the Committee on Economic Security reported that families with annual incomes under $2,500 have an annual wage loss of $900,000,000 due to illness, and that their costs of medical care are annually $1,500,000,000—a total money loss of $2,400,000,000.

Yet we know that in those few communities where modern public-health work has been consistently carried on with adequate funds and personnel, where health knowledge and health facilities have been available to the people, the burden of preventable illness and premature death has been lifted over a third. The first full-time county

health unit in the United States was established as long ago as 1911. Twenty-three years have elapsed since its establishment, but there are today less than 600 counties with full-time health service in the United States. Approximately 2,000 rural counties, containing more than 75 percent of our total rural population, are without any health service worthy of the name.

Many counties are too poor to provide adequate health service without aid from some outside source. Further, the actual prevention of sickness and deaths through public-health activities needs often to be conclusively demonstrated to local governing authorities before the soundness and economy of appropriations for health work is realized.

The situation in many of our smaller cities, and in some of the larger ones, is almost as bad as that existing in a large part of our rural area.

When the adequacy of the local health departments which exist is studied it is found that only a relatively small proportion, 21 percent (75 counties and 102 cities) have thus far developed a personnel and service which can be rated as even a satisfactory minimum for the population and the existing problems. The experience in cities in 1934 shows that health budgets have been reduced on the average about 20 percent from the experience of 1931, reductions varying from 1 or 2 percent to as high as 50 percent. Where this reduction has amounted to 30 percent or more practically complete breakdown of the public health protective facilities has resulted.

Nor is the need for Federal aid confined to rural and urban health organizations. Not half of the State health departments are adequately staffed or satisfactory equipped to render the service which they alone can give regardless of the extent to which local facilities may be developed. Specific reference is made to divisions of vital statistics, laboratories, and sanitary engineering service for the supervision of local water supplies, sewage disposal, and other environmental sanitation activities. At least a third of the States are not now able to promote the establishment of full-time local health departments or to give proper supervision to local health work, because of the lack of properly trained scientific personnel, capable of performing duty, on the State health department staff.

Obviously, these facts reveal not only conditions of needless human suffering and wretchedness, but definite economic waste. They call for the immediate extension of public-health work and policies of proven worth, long recognized as humanly and financially sound and constructive. Title VIII provides for such a program of Nation-wide public-health work, financially and technically aided by the Federal Government, but supported and administered by the State and local health departments. It is one of the most important steps toward our goal of conserving our human resources.

Before I close, Mr. Chairman, may I call the attention of the committee to the following changes in the language of title VIII essential for carrying out the purposes of the title. These changes have been discussed with and agreed to by those who prepared the bill, and meet with the approval of the Treasury Department:

Title VIII, section 802, line 21: After the word "States", insert "and the District of Columbia."

Section 802, line 25: After the word "counties" insert "health districts."

Section 803 (a), line 17: After the word "to" insert "pay the salaries and allowances of such additional regular commissioned officers, to."

Section 803 (a), line 22: After the word "expenses" insert "including printing and binding."

Section 803 (a), line 24: Strike out the period at the end of the line and insert in lieu thereof a colon followed by the words:

Provided, That personnel of the Public Health Service paid from other appropriations may be detailed for carrying out the purposes of this title and when so detailed their salaries and allowances may be reimbursed out of the amounts made available in this section to the appropriation or appropriations from which paid.

As revised, title VIII would then read:

TITLE VIII.—APPROPRIATIONS FOR PUBLIC HEALTH

SEC. 801. There is hereby appropriated, from funds in the Treasury not otherwise appropriated, the sum of $10,000,000 for the fiscal year ending June 30, 1936, and there is hereby authorized to be appropriated for each fiscal year thereafter the sum of $10,000,000 to be allocated to the Bureau of the Public Health Service to be expended as hereinafter provided.

LOCAL PUBLIC HEALTH SERVICE

SEC. 802. From the amounts appropriated under this title, the Bureau of the Public Health Service shall annually allot $8,000,000 to the several States and the District of Columbia, in amounts determined on the basis of the need of each State for such assistance, for the purpose of developing State health services including the training of personnel for State and local health work and for the purpose of assisting counties, health districts and/or other political subdivision of the States in maintaining adequate public-health programs. Payment of any allotment, or installment thereof, shall be made only after the Secretary of the Treasury has made a finding of fact that there is need to make such money available in such State, and has notified the Treasurer of the United States to pay such allotment or installment, and the amount thereof. Any money appropriated for the purposes of this section but not expended during the fiscal year shall be available for payment of allotments to the States in the next fiscal year.

BUREAU OF THE PUBLIC HEALTH SERVICE

SEC. 803 (a). From the amounts appropriated under this title, $2,000,000 shall annually be available to the Bureau of the Public Health Service, for the further investigation of disease and problems of sanitation, and related matters. Out of the amounts made available in this section the Bureau of the Public Health Service is authorized to pay the salaries and allowances of such additional regular commissioned officers, to employ such experts, assistants, clerks, and other persons in the District of Columbia and elsewhere, to be taken from the eligible lists of the Civil Service Commission, and to purchase such supplies, material, equipment, office fixtures, and apparatus, and to incur such travel and other expenses, including printing and binding, as it may deem necessary for carrying out the purposes of this title: *Provided*, That personnel of the Public Health Service paid from other appropriations may be detailed for carrying out the purposes of this title and when so detailed their salaries and allowances may be reimbursed out of the amounts made available in this section to the appropriation or appropriations from which paid.

(b) The Secretary of the Treasury shall make all rules and regulations necessary to carry out the purposes of this title.

ACTION OF THE COMPTROLLER GENERAL

SEC. 804. The Comptroller General is authorized and directed to allow credit in the accounts of the Treasurer of the United States for payment of allotments in the amounts notified him by the Secretary of the Treasury.

Mr. Chairman, that is substantially all I have to say, except that I have not been long in contact with this work, and if there are questions as to details I shall be very happy to try to answer them, but probably the doctors can give you further data if you do ask for it.

Mr. VINSON. Miss Roche, as I understood your statement, there was $83,000,000 provided by non-Federal funds in connection with this public-health work?

Miss ROCHE. The public-health advisory committee reported that the State contributions and the contributions from counties and from cities throughout the country totaled approximately $83,000,000 at present.

Mr. VINSON. I am just wondering whether or not in that total of $83,000,000 there was included any money from private funds.

Miss ROCHE. No, Mr. Congressman, my understanding is that there was not. It was all money from tax sources.

Mr. VINSON. Is it possible for us to obtain the figures that go into public-health work from foundations and private funds?

Miss ROCHE. I think so, sir; possibly Dr. Waller can give you that. The committee reported about $27,000,000, but I would have to check that, if I may put the results in the record.

Dr. WALLER. We do not have that figure at the present time, but we can insert it in the record.

Miss ROCHE. I would like to check on it, Mr. Congressman.

Mr. VINSON. Of course, the reason that it has been necessary to look to private funds in considerable part is because of the fact that the Governmental units have not carried this burden.

Miss ROCHE. That is true, sir, and there will always be a very great field, of course, for further development of private activities. They have had to assume, very often, public responsibilities and much of their valuable experimental work has been held back because of that.

Mr. VINSON. What was the amount of the Federal appropriation for public health for the fiscal year 1934?

Dr. WALLER. The amount appropriated for cooperative work with the States was $25,000.

Mr. VINSON. I am asking for the total sum appropriated by the Federal Government for 1934.

Miss ROCHE. About $10,000,000.

Dr. WALLER. $10,500,000.

Mr. VINSON. In that total of $10,500,000, how much was actually spent upon public-health work? I am expecting an answer to that question.

Dr. WALLER. What is your definition of public-health work?

Mr. VINSON. I want to exclude the moneys that have been included in that total of $10,500,000, for instance, for the marine hospital. Only by the wildest stretch of the imagination can we connect the two. What I want to know is how much was appropriated, for instance, to this marine-hospital activity that is included in this general budget for the Public Health Service.

Dr. WALLER. About $5,000,000.

Mr. VINSON. In other words, half of the sum total that is generally said to be for public health went to the marine-hospital activity. Is there any connection between the marine hospital and the public health services?

Dr. WALLER. It is quite remote.

Mr. VINSON. How close is it or how remote is it?

Dr. WALLER. Only very indirectly in that it reaches a small part of the population with medical care.

Mr. VINSON. What was that? I did not hear that.

Dr. WALLER. Only in that it renders medical care to a very small part of the population.

Mr. VINSON. What part?

Dr. WALLER. The work done in the hospitals is largely medical care for seamen in the merchant marine and beneficiaries of the Employees' Compensation Act.

Mr. VINSON. In other words, that is hospitalization. It renders the same service to a special class, just as the veterans' hospitals do; is that correct?

Dr. WALLER. Exactly.

Mr. VINSON. In other words, this particular class of people, seamen and also Federal employees who come within the provisions of the Employees' Compensation Act, are designated especially as entitled to hospitalization there.

Dr. WALLER. And they constitute only a very small part of our total population.

Mr. VINSON. I would like to have you break down, in the record, this 10½ million dollar fund which was appropriated for the fiscal year 1934.

Dr. WALLER. We will do that.

(The statement referred to follows:)

Statement showing how the amount available for obligation during the fiscal year 1935 is computed

Appropriation title	(1) Appropriated	(2) Balance available June 30, 1934	(3) Indefinite appropriation act Mar. 28, 1934	(4) Transferred from N. R. A. funds or other	(5) Transferred from other departments
Salaries, Office of the Surgeon General	$274,113		$15,228		
Pay, etc., commissioned officers, Public Health Service	1,397,606		180,161		$65,107
Pay of acting assistant surgeons, Public Health Service	270,000		15,000		
Pay of other employees	877,500		48,750		
Freight, transportation, etc., Public Health Service	25,160				
Maintenance, National Institute of Health	50,000				
Books, Public Health Service	450				
Pay of personnel and maintenance of hospitals	4,915,000		192,175		576,450
Quarantine service	322,150			$50,860	
Preventing the spread of epidemic diseases	199,718		7,641		
Field investigations of public health	209,313		9,343		
Interstate quarantine service	35,495				
Studies of rural sanitation	25,032			1,000,000	
Control of biologic products	39,524		1,339		
Expenses, Division of Venereal Diseases	58,808		2,808		
Expenses, Division of Mental Hygiene	455,000				
Educational exhibits	1,000				
Medical and hospital service, penal institutions			9,182		418,478
Total	9,155,869		481,717	1,050,860	1,060,035

Statement showing how the amount available for obligation during the fiscal year 1935 is computed—Continued

Appropriation title	(6) Impoundments	(7) Reserves	(8) Transferred to other departments	(9) Amount available for obligations fiscal year 1935
Salaries, Office of the Surgeon General				$280,341
Pay, etc., commissioned officers, Public Health Service				1,642,874
Pay of acting assistant surgeons, Public Health Service	$5,000			280,000
Pay of other employees	8,250			918,000
Freight, transportation, etc., Public Health Service				25,160
Maintenance, National Institute of Health				50,000
Books, Public Health Service				450
Pay of personnel and maintenance of hospitals	50,000		$76,069	5,557,556
Quarantine service				373,010
Preventing the spread of epidemic diseases	3,359			204,000
Field investigations of public health	2,500			216,156
Interstate quarantine service				35,495
Studies of rural sanitation				1,025,032
Control of biologic products				40,863
Expenses, Division of Venereal Diseases				61,706
Expenses, Division of Mental Hygiene				455,000
Educational exhibits				1,000
Medical and hospital service, penal institutions			46,165	381,495
Total	69,109		122,234	11,557,138

Mr. VINSON. As I understood your statement, there were less than 600 counties, my recollection is 580 counties, in the United States that had local health departments or, we sometimes say, county health units.

Miss ROCHE. Yes.

Mr. VINSON. And, if I understand it, there are something like 3,000 counties altogether in the 48 States.

Miss ROCHE. Yes, sir.

Mr. VINSON. I have found in my contacts here that every Member of Congress who has any familiarity with public-health work, who has any county health unit or local health department in his district, understands full well the benefit that flows from the expenditure of the Federal dollar along that line. But, strange as it may seem, there are numbers of just as well-intentioned and as splendid gentlemen who have not had the opportunity to see this work.

I should like you or Dr. Waller in a very succinct statement to explain the function of a county health unit. I know that the gentlemen who do not have the benefit of county health units in their districts, once they become acquainted with the kind of work done by them, would be as anxious to have them as are those who already know of the splendid work being done along that line. I should appreciate a short statement on that subject.

Miss ROCHE. Do you wish it now, sir?

Mr. VINSON. Yes.

Miss ROCHE. Before I retire in Dr. Waller's favor, it might interest you if I add this short statement with regard to the amount spent federally on human-health activities.

The advisory committee on public-health activity, of the Committee on Economic Security in breaking down the entire expenditures of the Federal Government (that includes the United States Public Health Service, the Children's Bureau, the Office of Food and Drug Administration, and all other activities that have to do with human

health), found that only approximately $5,000,000 a year was spent in all on human-health services. That would average about 4 cents per capita.

Mr. VINSON. Before we get off that subject, included within that $5,000,000, is there not the appropriation for meat inspection?

Miss ROCHE. I believe not.

Mr. VINSON. How much is that?

Miss ROCHE. I could not tell you. I should have to look it up.

Mr. VINSON. It is about $3,000,000, is it not?

Miss ROCHE. I shall have to check up on that and find out exactly what it is for you. But it is my impression this $5,000,000 referred to is only for human health services.

Mr. VINSON. I should like to have that total broken down so that we can see just what has been done and what is being done.

The appropriation that is recommended here will represent an extension of that work which has been going on; it is not experimental work; this does not contemplate going into a new field, but it is a broadening of that activity.

Miss ROCHE. Which has been proved and tested; yes, sir.

With the permission of the committee, I present this statement and data concerning the subject matter under discussion.

Mr. VINSON. Now I should like to have that statement in regard to these county health units, please.

The CHAIRMAN. Dr. Waller, will you give us the information requested by Mr. Vinson? The committee will appreciate it.

First, please state your name and whatever other information is necessary for the record.

STATEMENT OF DR. C. E. WALLER, ASSISTANT SURGEON GENERAL, UNITED STATES PUBLIC HEALTH SERVICE

Mr. TREADWAY. You are assistant to Surgeon General Cumming?

Dr. WALLER. Yes, sir; in charge of the State's Relations Division of the Public Health Service.

Before I start on the functions of a county health unit, Mr. Chairman, I think I have approximately the answer to the first question that Mr. Vinson asked. He wanted to know what percentage of our total appropriation goes for health work. I may say that it is slightly over a million dollars, or a little over one-tenth of the total appropriation to the Public Health Service.

Mr. VINSON. That actually goes into public-health work?

Dr. WALLER. Yes, sir.

With respect to the functions of a county health unit, I should like to say, in the beginning, that the work of a county health unit is preventive in character. It is not for the purpose of providing medical care. In that respect it does not interfere in the slightest degree with the medical profession.

Mr. TREADWAY. You mean the local medical profession?

Dr. WALLER. The practicing physician. In fact, it has the opposite effect. The educational activities of a county health unit make more work for the practicing physician in that they bring out needs for medical care that otherwise would not be discovered and direct cases into the hands of the private physicians.

The education work carried on by these units stimulates parents into having their children vaccinated against diphtheria, typhoid fever, and smallpox, and this work is added to the work that the practicing physician is called upon to do.

The personnel of a county health unit consists, first, of the full-time medical health officer, who is the director of the unit. This health officer is not just an ordinary practicing physician. He has to have special training in preventive work. That is his specialty, and it is just as much a specialty as is the specialty of practice on the eye, ear, nose, and throat, or the specialty of surgery.

In addition to this director of the unit, we have public-health nurses on the staff. We also have sanitary engineers or sanitary inspectors as members of the staff, and then, finally, we have the clerical personnel that must be particularly skilled in the handling of vital statistics, records, and so forth.

As to the functions of the unit, one of the primary functions is the control of communicable diseases. The health officers and nurses carry out the quarantine procedures in the control of cases of communicable diseases, to prevent the further spread of these diseases from cases that have occurred.

One of the most effective means that they employ in the control of communicable diseases consists in urging parents to have their children vaccinated against diphtheria, scarlet fever, typhoid fever, smallpox. Typhoid fever and diphtheria today are almost entirely preventable and it is now regarded almost a disgrace for any community to have an outbreak of either of these diseases.

Just lately we have also discovered a means of immunizing children against scarlet fever. We have a new immunizing agent that can be used successfully for this purpose. It has been shown by officers of the Public Health Service to be almost as effective as the toxoid against diphtheria.

Mr. VINSON. Your statement, Doctor, is eminently true, but it is a statement in generalities. It does not paint the picture that I want to present to the committee. I wanted you to tell this committee and the House just how they operate in these county health units. I should like the committee to know how they get into their automobile and travel out into the school districts, and hold a clinic out there for these vaccinations and innoculations. They go through the districts and get samples of the water supply, and all that sort of thing. Those are the things that actually do the work.

Of course, what you said was true, as far as it went.

Mr. TREADWAY. Suppose we put the gentleman on the stand.

Mr. VINSON. I am perfectly willing to testify, because I have had personal observation and knowledge of how those things work, in my own country. It is the hardest-working crowd that I know about. They go out into these school districts and they vaccinate all the children that have not been vaccinated. Of course, that is a continuing proposition.

Then they go back and give them a second vaccination or a third vaccination, whatever the number of times is that they have to vaccinate these children. In other words, they carry this preventive medicine into the roots of our rural society and, to my mind, it is the most splendid work that the Federal Government participates in. In Kentucky it is done in cooperation with the medical profession, I am very happy to testify.

Mr. TREADWAY. May I ask Mr. Vinson, or let me ask the doctor, whether the testimony that our colleague has just given correctly represents the work of the public-health units in the 580 counties that cooperate with the Federal Government?

Dr. WALLER. Yes, sir.

Mr. TREADWAY. That is a correct picture, is it not?

Dr. WALLER. Yes, sir.

Mr. TREADWAY. Therefore you are willing to corroborate the testimony given by our colleague, and you are willing to have it made a part of your own testimony as a description of the work of the Public Health Service?

Dr. WALLER. I think, so far as he has gone, he has told the story better than I could tell it.

Mr. TREADWAY. I thought perhaps you would say that.

Mr. VINSON. Let us testify some more. Not only do they do these things, but they make examinations of children who otherwise would not be examined for physical defects, and call that condition to the attention of their parents. You have mentioned how they bring these matters to the attention of the parents. Not only is the child improved when the defect is corrected but you have the happiness of parents, all growing out of that activity.

Dr. WALLER. Exactly.

The CHAIRMAN. In that connection, it is also part of their work frequently to look after the dental needs of the children, is it not?

Dr. WALLER. That is quite an important part of the work.

The CHAIRMAN. I know it is in the country where I live.

Dr. WALLER. That is an important part of the health program of these units in the schools.

Mr. TREADWAY. Doctor, I am glad to know that we have one expert on this committee in connection with a part of this bill, at least. I wish we were sure we had experts on all of it. But I take it that you are here with other officials of the Government, particularly in connection with titles VII and VIII of this bill; is that correct?

Dr. WALLER. Title VIII, particularly.

Mr. TREADWAY. Does the Public Health Service have anything to to with maternal and child health?

Dr. WALLER. These county health units that we have been discussing have that as an important part of their work. But this, bill I believe, provides an additional appropriation from the Federal Government to aid these units especially with that particular feature.

Mr. TREADWAY. Maternal and child health is disassociated from the Public Health Service?

Dr. WALLER. It is; so far as the fund provided in this bill is concerned. When the work gets down into the States and into the counties, as I understand it, it will not be disassociated from the local activities being supported by the Public Health Service.

Mr. TREADWAY. What about the present set-up? You have thus far talked about what the Public Health Service does under existing conditions. What will it do differently either in regard to your one item of public health or any other items of public health, if this bill becomes law?

Dr. WALLER. As I understand it, these additional funds that are being made available to the Children's Bureau will be granted to the States, just as our funds will be, and passed on down into the local

health units to be utilized particularly in protecting the health of mothers and infants, as a part of the local county health unit program.

Mr. TREADWAY. Suppose we pass over title VII, then. Of course, Miss Lenroot and Miss Roche have both referred to it in some detail. I thought we might get a little more information about it from you. But suppose we simply deal now with your one direct interest, the appropriation for public health, under title VIII, which is to be found on page 61.

Dr. WALLER. Yes, sir.

Mr. TREADWAY. In cooperation with our colleague, you have described the present work of the Public Health Service in rural communities. What other work of the Public Health Service would you care to refer to as a present activity of the Public Health Service?

Dr. WALLER. This program, as I understand the question, will not set up new activities in the Public Health Service. It will simply enable us to extend cooperative activities with the States that we have carried on for a number of years.

Mr. TREADWAY. Let me interrupt you there, Doctor. The provisions to be found on pages 61 and 62 of this bill do not change the activities of the Public Health Service.

Dr. WALLER. No, sir.

Mr. TREADWAY. They elaborate or——

Dr. WALLER. They extend them.

Mr. TREADWAY. How much more of an expense will that entail upon the Federal Government?

Dr. WALLER. Altogether the sum of $10,000,000.

Mr. TREADWAY. You said that was your present appropriation.

Dr. WALLER. This bill extends those activities——

Mr. TREADWAY. $10,000,000 more?

Dr. WALLER. $10,000,000 more.

Mr. TREADWAY. This, then, would not affect the present or past appropriations to the Public Health Service. You would have $10,000,000 appropriated to you, and $10,000,000 additional if this bill passed?

Dr. WALLER. $10,000,000 additional for extending aid to the States, cities, and counties, and carrying on additional scientific investigations into the cause and methods of preventing disease.

Mr. TREADWAY. You said something about the marine hospital, in one part of your testimony, being included within this appropriation. You do not have to go 50–50 with the marine hospital under the provisions of this bill, do you?

Dr. WALLER. No, sir. This would not extend the activities of the Public Health Service which do not have to do either with aid to the States or further investigations into the cause and method of control of diseases.

Mr. TREADWAY. Is the matter of the aid to the States as it is now practiced identical with what this bill provides?

Dr. WALLER. Yes, sir.

Mr. TREADWAY. Except that you have more money to accomplish the purpose.

Dr. WALLER. Yes, sir.

Mr. TREADWAY. In other words, if this bill is passed, in whatever form it is, if title VIII is adopted as part of the bill there will be no change in the activities of the Public Health Service except to increase

the possibilities of it under an additional appropriation. That is what title VIII actually does?

Dr. WALLER. Yes, sir.

Mr. VINSON. Plus added research.

Mr. TREADWAY. Let us allocate that.

Mr. VINSON. That amounts to $2,000,000.

Mr. TREADWAY. Does that make $12,000,000, or is the $2,000,000 earmarked?

Mr. VINSON. It is earmarked.

Mr. TREADWAY. I believe in earmarking those items, as you may have noticed last week in connection with other matters that we passed on.

Mr. VINSON. The sum total is $10,000,000, of which $2,000,000 goes for research.

Mr. TREADWAY. Research by the States?

Dr. WALLER. Research by the Public Health Service in cooperation with the States. That also extends existing activities of the Public Health Service.

Mr. TREADWAY. It is simply a continuation of the present activities of the Public Health Service, extended?

Dr. WALLER. Yes, sir.

Mr. TREADWAY. And out of the $10,000,000, $2,000,000 is earmarked for research as distinguished from distribution to the States in cooperation with rural health units.

Dr. WALLER. Yes, sir.

Mr. TREADWAY. In other words, you have $8,000,000 for the kind of work Mr. Vinson described during your statement?

Dr. WALLER. That is correct.

Mr. VINSON. In regard to rural districts, that statement is not exactly as you would have it, because this will be extended not only to the work in rural sections, but in small cities and large cities, too.

Dr. WALLER. And to State health departments, also.

Mr. TREADWAY. The State health people make the decision, do they not? You cooperate in the sense that you provide the funds and give general directions, but the actual work is done by the State officials, the public-health services of the various States?

Dr. WALLER. Yes, sir; and the counties.

Mr. VINSON. And might I say this further, that at the present time, under the very meager appropriation that was made, and speaking now of Kentucky, because I know the situation there, the fund that provides for this county health unit is made up of State money and Federal money and county money, in many instances board-of-education money, in many instances money from other local sources, and in practically every instance outside money from private funds. Is that correct?

Dr. WALLER. Exactly.

Mr. VINSON. In other words, they have cooperation there and they have to work mighty well to be able to perform at all.

Dr. WALLER. I might say in that connection that the relationship between the Public Health Service and the State health authorities with whom we would cooperate through the use of this fund, has never been, in the history of the Service, more cordial than it is today.

Mr. COOPER. If the gentleman will yield for a question, I should like to ask it at this time.

Your statement has disclosed that about half of the present Federal appropriation for the Public Health Service goes to the marine hospitals; is that correct?

Dr. WALLER. Yes, sir.

Mr. COOPER. What is the occasion for appropriations for the marine hospital being included with the Public Health Service?

Dr. WALLER. That goes back into the history of the Service about a hundred years. The Public Health Service had its origin in the provision of facilities for the care of disabled seamen of the merchant marine. Because everything that had to do with shipping was in the Treasury Department, in connection with the collection of customs duties, this work grew up in that Department and then public-health functions were added from time to time. We remained in the Treasury Department and continued to discharge the duty of rendering medical care for disabled seamen in the merchant marine.

Mr. COOPER. Is there any reason for this appropriation for marine hospitals being included with the Public Health Service, any more than appropriations for veterans' hospitals or other activities of that type?

Dr. WALLER. Well, we feel that they are important from the public-health standpoint, because the hospitals in which we have our patients make available a splendid laboratory for research work; and, since research is one of the most important functions of the Public Health Service, we feel we should continue to maintain our hospital activities for laboratory purposes.

Mr. COOPER. My inquiry does not intend to suggest at all that the marine hospital appropriations be discontinued, or anything of that kind. But I am unable to see why there is any occasion for the marine hospital appropriation being included with the Public Health Service appropriation. Can you give us any reason for that being done?

Dr. WALLER. Are you thinking, perhaps, of the Marine Corps of the Navy?

Mr. COOPER. No; I am talking about half of this money going, as you say, to the marine hospital. Is there any necessity for that being done?

Dr. WALLER. Why the seamen should be given this medical care?

Mr. COOPER. No. Why should this appropriation to maintain the marine hospital be included with the appropriation for the Public Health Service?

Dr. WALLER. I suppose simply because the Public Health Service, out of the result of its experience of all these years, is considered the proper Federal agency to carry on that work.

Mr. COOPER. My impression from your testimony is that because it was done that way many, many years ago is the reason why it should be continued that way. Is that a fair interpretation of your answer?

Dr. WALLER. I am not trying to put up an argument for its being continued.

Mr. COOPER. I am not trying to argue the question here. I am seeking information as to whether there is good reason for that being done. If there is, we want to do it, but, at the moment, I am unable

to see any reason why that should be done, and I do not see any logical connection between the marine hospital appropriation and the Public Health Service appropriation. Can you assign any reason for that being included as part of the Public Health Service appropriation?

Dr. WALLER. I think that the chief reason is that in our hospitals for the care of these seamen, we have opportunities for research, for working out better methods for the cure and prevention of disease.

Mr. COOPER. When did this Service originate?

Dr. WALLER. 1798.

Mr. COOPER. In 1798 the Federal Government began to make appropriations for marine hospitals?

Dr. WALLER. Originally this activity was supported with a tax on the seamen and then, later, through a tonnage tax.

Mr. COOPER. And that has continued through the years, and appropriations for the Public Health Service have been grafted onto that original practice?

Dr. WALLER. Yes, sir.

Mr. COOPER. Getting down to 1935, is there any reason or necessity now for that practice being continued?

Dr. WALLER. I cannot see any particular reason for transferring that work elsewhere, and, as I say, I do see a good reason for our continuing it. That is, I see a good reason for utilizing the——

Mr. COOPER. Please understand me, I am not suggesting that you discontinue the work, not for a moment. But I am unable to see any reason, certainly none has been assigned thus far, that would convince me that there is any necessity for the marine hospital appropriation being included within the appropriation for the Public Health Service.

Dr. WALLER. I do not think it is a proper charge against public-health appropriations, if that is what you mean.

Mr. COOPER. That is exactly what I am driving at. The information and the impression go out to the country that 10½ million dollars is being appropriated for public-health-service work whereas the fact is that only about half of that money is being used for that purpose. Why not let the records and the actual practice speak the truth about these things? That is what I am driving at.

Dr. WALLER. Exactly.

Mr. COOPER. So you cannot advance any special reason why that practice should be continued?

Dr. WALLER. I cannot see any reason why we should charge that against the appropriations for public-health work.

Mr. COOPER. That is what I have in mind exactly; thank you, sir.

Mr. KNUTSON. Doctor, carrying that just a little further, you stated in response to an inquiry from the gentleman from Kentucky, Mr. Vinson, that the marine hospital is a hospital laboratory. I take it you meant by that that you have patients who come to that hospital from the merchant marine who have been in various parts of the world. They return here infected with various diseases, some of which are rather rare in this country, and it gives you doctors an opportunity to observe those diseases, study them, and provide safeguards against their introduction into the country. That is what you meant when you spoke of this being a laboratory?

Dr. WALLER. Yes, sir; and to develop newer methods of treating disease.

Mr. KNUTSON. You also stated in response to an inquiry that you could not see any particular reason for charging the upkeep of the marine hospital to the Public Health Service. You did not mean by that that the jurisdiction over the marine hospital should be transferred elsewhere?

Dr. WALLER. No, sir.

Mr. KNUTSON. You merely meant that the cost of operating the hospital could properly be charged to some other work, but that the operation of the hospital should continue as at present in the hands of the Public Health Service?

Dr. WALLER. Exactly.

Mr. KNUTSON. How many Government bureaus are there that are wholly or in part engaged in health work?

Dr. WALLER. I have understood that there are about 33 Federal establishments that perform some function related to public health.

Mr. KNUTSON. For instance, why could not the maternity work be placed in the Public Health Service? Is not that just as much a matter of public health as dentistry?

Dr. WALLER. Yes, sir.

Mr. KNUTSON. You described a moment ago the progress that you have made in controlling scarlet fever, typhoid, and other diseases that are often epidemic.

Dr. WALLER. Yes, sir.

Mr. KNUTSON. I am just wondering, Mr. Chairman, in view of what the Doctor says, that there are thirty-odd Government bureaus that are engaged wholly or in part in health work, why it would not be a good idea to give some thought to consolidating these activities, and placing them in the hands of the Public Health Service, where they belong.

The CHAIRMAN. It might cut off some jobs.

Mr. KNUTSON. Of course, that would be tragic. I hasten to withdraw any suggestion I may have made looking to that, Mr. Chairman. We cannot do that.

Mr. TREADWAY. Not while this administration is in power.

Mr. KNUTSON. I do not want to bring politics into this. I think probably we had as much when we were in power, but I do think it is high time and I think the chairman of the committee probably could do it, to call the attention of the President to the fact that there are thirty-odd bureaus that are engaged wholly or in part in health work, and to the desirability of consolidating them and including them under the jurisdiction of the Public Health Service.

The CHAIRMAN. If what you say is a fact, it might be that this is a fine field for investigation and perhaps some reform.

Mr. REED. Doctor, I was very much interested in your statement in regard to this county work. Of the 3,000 counties, how many counties did you say have the set-up?

Dr. WALLER. Less than 600 today.

Mr. REED. After these clinics have been conducted by these boards, how many of those 600 counties have hospital facilities to treat the children or the adults who are found in need of it by these clinics?

Dr. WALLER. A great many of them do not have adequate hospital facilities, although some counties in which county hospitals do not exist do have private hospitals and other facilities. On many occa-

sions, in counties that had no hospital facilities, the health department has arranged to have children in need of corrections requiring hospital care taken to hospitals in adjacent counties.

Mr. REED. How well is the country served generally with tuberculosis hospitals that take care of both children and adults?

Dr. WALLER. There is undoubtedly a great need for more hospitalization in the rural sections in this country. I cannot give you accurate figures.

Mr. REED. Are you familiar with the Newton Memorial Hospital, at Chautauqua, N. Y., supported by the county of Chautauqua?

Dr. WALLER. No, sir.

Mr. REED. We consider that a modern tuberculosis hospital for both children and adults of this country.

The board of supervisors who operate the schools have their examinations annually for the children, and we have a very eminent man at the head of it. The children go there and are treated. Then in the city of Buffalo there is a remarkable tuberculosis hospital. I think you are familiar with that.

Dr. WALLER. Yes.

Mr. REED. It is one of the few hospitals that follows the system used in the hospitals in Switzerland, where they permit little children even in weather like this to run almost naked out in the snow to get well under the influence of the sun and the weather. They have had remarkable results there. But the point I was interested in was to know after we have conducted all these clinics whether these children in many sections are being permitted to be neglected, or whether they have an institution where they can go and get proper treatment.

Dr. WALLER. Where the county health unit has been large enough to function properly the correction of these defects has been made. The nurses go out and follow up school medical inspections, visit the homes and see that the parents take their children to a physician or a hospital to have the corrections made. If the parents are not able to have the work done, the health departments undertake to see that the facilities are provided. I have actually assisted in arranging for tonsil clinics in one of these units myself.

Mr. REED. You would not say that at the present time the facilities are adequate to take care of the conditions found by these clinics?

Dr. WALLER. Not at all. I understand that the President's Committee on Economic Security has this question of need for hospitalization under consideration.

Mr. REED. There is no figure you can give us in regard to counties that have their own special facilities for looking out for county-wide cases, is there?

Dr. WALLER. I have not the information you desire at the moment, but I think I could get it and put it in the record.

There are approximately 1,000,000 hospital beds in the United States. Of these, 160,000 are in general hospitals, the remainder in mental tuberculosis, and other institutions, Of the 160,000 beds in general hospitals, 40,000 are supported by the Federal Government and almost 120,000 by State, city, or county governments.

General hospitals under governmental auspices exist in only about 400 counties in the United States. In 1,320 other counties there are general hospitals under nongovernmental auspices. In 1,300 counties, containing 18,000,000 people in 1930, no general hospitals

exist. It is estimated that 10,000,000 people in 600 counties have no accessible hospitals at the present time.

Mr. Reed. I would appreciate that very much. It is suggested by my colleague here that you put in the record the number of counties that have the visiting nurse system.

(The information requested is as follows:)

County Public Health Nursing Service in the United States [1]

	Number	Percent
Total counties in United States	3,072	100.0
Counties having nurses who are available to whole county	1,079	35.1
Counties having nurses for a part of the county	375	12.2
Counties having no public health nursing service	1,618	52.7

[1] This is according to the 1931 N. O. P. H. N. Census.

There is one other thing I would appreciate. It may be a little foreign to the point, but as long as we have gotten into the subject, I would like to have you put in the record just what the qualifications are now for our seamen or sailors who are seeking to enter these hospitals.

Dr. Waller. Yes, sir.

Mr. Reed. Just put in the qualifications. I have had many complaints from sailors and retired lake captains that they are crowded out, although they started in contributing to this fund 'way back. They are elderly men now. There is a great deal of feeling about it. They have been shunted to one side. They take a good deal of pride in these hospitals. I just wish you would put in the record the history of these hospitals and the contributions that these sailors have made, and when they ceased to make these contributions, and why this change of policy.

Dr. Waller. I shall be glad to do so.

Regulations of the Public Health Service Governing Medical Care for American Seamen

604. American seamen shall be entitled to the benefits and facilities of the marine hospitals and other relief stations of the Service. No person employed in or connected with the navigation, management, or use of vessels under 5 tons, or canal boats engaged in the coasting trade, shall, by reason thereof, be entitled to any benefit or relief from the Service.

605. In case of doubt as to the fact of registration, enrollment, or license of a vessel, the officer to whom application for relief is made shall request information of the collector of customs at the port as to the character of vessel on which the seaman is employed, and the said collector of customs shall furnish such information, if practicable.

606. Sick or disabled seamen taken from wrecked vessels of the United States returned to the United States from foreign ports by the United States consular officers, if sick or disabled at the time of their arrival in a port of the United States shall be entitled to the benefits of the Service without reference to length of service.

607. A sick or disabled seaman, in order to obtain the benefits of the Service must apply in person, or by proxy if too sick or disabled so to do, at the Office of the Public Health Service, to an officer of that Service, or to the proper customs officer acting as the agent of the said Service at stations where no medical officer is on duty, and must furnish satisfactory evidence that he is entitled to relief under the regulations.

608. Masters' certificates and discharges from United States shipping commissioners, made out and signed in proper form, showing that the applicant for relief

has been employed for 60 days of continuous service "in a registered, enrolled, or licensed vessel of the United States", a part of which time must have been during the 60 days immediately preceding his application for relief, shall entitle him to treatment. The phrase "60 days of continuous service" shall not be held to exclude seamen whose papers show brief intermissions between short services that aggregate the required 60 days, provided that any such intermission does not exceed 60 days.

609. The certificate of the owner or accredited commercial agent of a vessel as to the facts of the employment of any seaman on said vessel may be accepted as evidence in lieu of the master's certificate in cases where the latter is not procurable.

610. Masters or owners of documented vessels of the United States shall, on demand, furnish any seaman who has been employed on such vessel a certificate of the length of time said seaman has been so employed, giving the dates of such employment. This certificate will be filed at the station where application is made for relief, if relief is furnished.

611. When an applicant's claim for relief is rejected, a copy or copies of the master's certificate or other papers in the case must be made, and the cause or causes for such rejection endorsed on said copy or copies, which shall then be placed on file at the station.

612. Any master of a vessel or other person who shall furnish a false certificate of service with intent to procure treatment of an applicant shall be immediately reported to the nearest United States district attorney for prosecution. A person who ships for the purpose of thereby qualifying for treatment of a preexisting disability is ineligible.

613. When an interval has occurred in the applicant's seafaring service by reason of the closure of navigation, such interval shall not be considered as excluding him from relief.

614. During the season when navigation is closed at any port, seamen applying for relief at such ports shall be entitled to same, provided they present documentary evidence, as required in paragraph 610, which must show that the applicants were employed within 60 days immediately preceding the said closure of navigation.

615. The time during which a seaman has been under treatment in hospital as a patient of the service shall not be reckoned as absence from vessel in respect to debarring him from further relief.

616. Whenever a beneficiary applies for relief without a master's certificate, the oath or affirmation of the applicant as to the facts of his last employment, stating names of vessels and dates of service, may be accepted as evidence in support of his claim for relief. This oath or affirmation shall be taken before a notary or other person authorized by law to administer oaths.

617. When the period of the seaman's service as shown by his certificate on last vessel is less than 60 days, his oath or affirmation as to previous service may be accepted.

618. In cases of doubt, reasonable effort shall be made to verify the genuineness of masters' certificates and shipping commissioner's discharges, and of the signature to the same. Due care shall also be exercised to identify the persons presenting masters' certificates.

619. When a reasonable doubt exists whether the applicant is entitled to relief under the regulations, the application, accompanied by a statement of the facts, shall be immediately referred to the Surgeon General for decision, and when the seaman is in such condition that immediate medical or surgical attendance is necessary, he will be placed under treatment pending the decision, and the action in the case by the officer shall be reported.

620. When a seaman applies for relief after an absence of 60 days or more from his last vessel and it satisfactorily appears that it was impracticable for him to apply to the proper officer for treatment, a statement of the facts, together with a copy of the application and other papers in support of same, shall be filed and the seaman admitted to hospital.

621. Any seaman who is able to write will be expected to sign his name upon the face of the master's certificate issued to him before said certificate is signed by the master of the vessel, and the officer receiving such certificate shall require the applicant to verify the signature in his presence.

622. When patients are admitted for hospital treatment pending the decision of the Surgeon General, the usual report on the proper form shall be forwarded to the bureau and the authority recorded on the patient's record card as soon as it is

received. If relief is not authorized, the applicant shall be discharged and the disapproval recorded on the completed report card and on the record card.

623. When a seaman who has received continuous treatment at the out-patient office for two months applies for further treatment, he must furnish a new certificate of service showing that he is still following the vocation of seaman or furnish satisfactory evidence that he has been prevented from resuming his occupation by circumstances not under his control. The latest date of his service or his explanation of his lack of recent service shall be noted on his record card. The medical officer in charge may waive the requirements of this paragraph where the nature of the disability is such as to prevent a seaman from resuming his vocation or when to his knowledge the port has been closed.

624. The expenses of carrying for sick and disabled seamen incurred during a voyage, or when not prearranged by an authorized agent of the Government, will not be paid by the service.

625. The expenses for the care and treatment of patients suffering from contagious diseases, who are entitled to the benefits of the service, and who, in accordance with the State or municipal health laws and regulations are taken to quarantine or other hospitals under charge of the local health authorities, will not be paid unless such patients were admitted at the time by the request of an officer of the service.

626. In no case shall money be paid to a seaman or to his family or friends by the service as reimbursement for expenses incurred during his sickness or disability.

627. Seamen who may be injured in street brawls or while committing a breach of the peace, and are, therefore, confined in jail or taken to civil hospitals by the local authorities for such acts, shall not receive treatment at the expense of the service while confined in jails or civil hospitals. Such seamen should, however, be furnished treatment if brought to service or contract hospitals.

628. Seamen taken sick or injured on board or ashore while actually employed on a documented vessel shall be entitled to treatment at relief stations without reference to the length of their service.

629. A certificate of discharge may, at the discretion of the officer in charge, be given to a hospital patient, but such certificate, when presented at another relief station, shall not be taken as sufficient evidence of the applicant's title to hospital relief but may be considered as collateral to other satisfactory data submittedby the seaman.

630. Temporary relief only is contemplated, and admission to hospital is not intended to permit an indefinite residence therein for cause other than actual disease or injury. Seamen who have changed their occupation or who have retired from their calling because of age or for any other reason not requiring relief from actual disease or injury within a period of 60 days after leaving the vessel shall not be entitled to service relief.

631. The Surgeon General is authorized to issue orders for the temporary care and treatment of sick seamen at minor stations and for the transfer of patients, including necessary expenses, whenever the interests of the service demand such transfers.

AMENDMENTS TO THE REGULATIONS, UNITED STATES PUBLIC HEALTH SERVICE—PROMULGATED APRIL 3, 1934

603. * * *

2. Officers and enlisted men of the Coast Guard (active and retired), and dependent members of their families.

613. When an interval in excess of 60 days has occurred in the applicant's seafaring service by reason of the closure of navigation or economic conditions resulting in decreased shipping with consequent lack of opportunity to ship, or if the applicant has been receiving treatment at his own expense since his last sea service, and he can, to the satisfaction of the medical officer in charge, show that he has not definitely changed his occupation, such interval shall not be considered as excluding him from relief.

Add paragraph 633½, as follows:

633½. Medical officers on duty at first-, second-, and third-class relief stations, in addition to their usual duties, shall be required to furnish medical advice and office treatments to the families of officers and enlisted men, including those on the retired list, residing in the vicinity of regularly established relief stations of the Public Health Service.

Except in cases of emergency, the medical relief contemplated will be available only during the regular working hours of the relief station, and provided it may be accorded without interference with the medical officer's other duties.

The family of an officer or enlisted man shall include only those relatives who are wholly dependent upon him for support, and not persons employed by him.

Approved April 3, 1934.

H. MORGENTHAU, Jr.,
Secretary of the Treasury.

Approved April 7, 1934.

FRANKLIN D. ROOSEVELT,
The White House.

Mr. BOEHNE. That is the very question that I wanted to ask the doctor. These marine hospitals originally were built by contributions from seamen. I have forgotten the exact amount they were required to contribute. Now, in their old age, a regulation—not a statute—requires that they have been in active service either 30 or 60 days before they can get in. It was interesting to me that we had a man for our particular marine hospital who was 90 years of age and needed hospitalization, yet he was put into active service on the Ohio River for 5 days in order to qualify for our hospital.

Mr. REED. I just wanted to say further that many of these lake captains on the Great Lakes rendered wonderful service at an advanced age during the World War, and yet those men are foreclosed from the facilities of these hospitals.

I want to say further that I have a great respect for the people who initiated these hospitals in a time when hospitals were practically unknown in this country. They served a very useful purpose in bringing to the attention of the public the need for hospitals generally. It is a little foreign to this point, but I know there is a great interest in it. As long as we have gone into the subject, I would like to have you give us the history and some information as to why the change of policy.

Mr. BOEHNE. Is that a statutory regulation or simply a regulation of the Public Health Service?

Dr. WALLER. Regulations promulgated by the Secretary of the Treasury, and approved by the President.

Mr. BOEHNE. That regulation could be changed?

Dr. WALLER. I am not sure about that. I think the Surgeon General could tell you more accurately than I can what our policy is with respect to the admission of seamen to our hospitals. I am not very familiar with that feature of our work.

Mr. KNUTSON. May I suggest, Mr. Chairman, that the questions pertaining to the actual operation of hospitals be deferred until General Cumming takes the stand, because the doctor is engaged in health work as it pertains to the Government and the States.

The CHAIRMAN. It appears to the Chair that we have gone over this subject now, and if somebody else goes over the same ground, the record will become so voluminous we never can read it and we will never get through with the testimony. If Doctor Cumming is better prepared to give this testimony, he should have been presented earlier in this hearing. The Chair will have to draw the line somewhere so that we can get through some time.

Mr. MCGRADY. May it please the chairman of the committee, we are prepared to put on the Surgeon General as the next witness.

The CHAIRMAN. Are there any further questions?

Mr. TREADWAY. Doctor, I see your diffidence at expressing any opinion, naturally, as to the conflict between the Public Health

Service and the marine hospital work. But as I understand the situation, out of the $10,000,000 appropriated for public health, $6,000,000 of it goes to the marine hospital service.

Dr. WALLER. About five million dollars.

Mr. TREADWAY. Half at least?

Dr. WALLER. Yes, sir.

Mr. TREADWAY. You testified, as I understood you, that there was a very remote connection between the two.

Dr. WALLER. Yes, sir; so far as the appropriations for hospitals and public-health work are concerned.

Mr. TREADWAY. In other words, is not this the case, that the Public Health Service is more or less a child of the old marine hospital system, and in a sense has now outgrown its parentage and is entitled to a separate set-up?

Dr. WALLER. I should not say that it is entitled to a separate set-up, but that its public-health activities ought to be increased.

Mr. TREADWAY. And there is a very good opportunity for Congress, whether this committee or other committees, to take up the merits of the case of the separation of the two activities of the Government?

Dr. WALLER. Yes, sir; for the purpose of considering additional appropriations for public-health work.

The CHAIRMAN. We thank you, Doctor, for your appearance and for the testimony you have given the committee. Also the Chair will extend the thanks of the committee to Miss Roche for her presence and the information and help she has given the committee.

General Cumming is the next witness.

STATEMENT OF HUGH S. CUMMING, SURGEON GENERAL, UNITED STATES PUBLIC HEALTH SERVICE

General CUMMING. Did you want me to make a statement, or answer questions?

The CHAIRMAN. If you have a general statement, we will be pleased to receive it, and then we will ask you questions.

General CUMMING. In the first place, I feel that this particular part of the bill, title 8, which pertains to the Public Health Service, will be a very wise provision. It is not entering upon any new ground for the Federal Government at all. It is well-tried ground, something that we have entered into in this country a good many years ago in an experimental way. The experiment has proven such a success, Mr. Chairman, that other countries have sent over here and have studied this Federal "grantin-aid," to use an English expression, to local communities. Basing my opinion on some 40 years' work in public health, and having had an opportunity to observe public-health work not only here but abroad, I think that is the wisest part of the bill. Perhaps I am a little prejudiced, however.

About the question of marine hospitals, I think there was a little misunderstanding there, in a way. Before the country was started, Mr. Chairman, the two Colonies of Massachusetts and Virginia provided hospitals for their seamen. In the first or second message of Mr. Washington to the Congress, he recommended encouraging the seamen; and at his suggestion there was appointed a joint committee of the Congress, out of which grew the taking over by the Federal Government of the hospitals in Norfolk, Va., and in Boston—Chelsea.

Mr. TREADWAY. The Chelsea hospital?

General CUMMING. Yes; the old hospital, still there.

Each collector of customs then had to select a medical man to take care of seamen. At that time the seamen included the Navy, the Coast Guard, and the merchant marine. Each one paid 20 cents a month hospital tax, and that constituted the oldest health insurance, so to speak, in this country. It was not until afterward, in 1824, I think it was, the Navy had a medical service separate from the Marine Hospital Service.

Along about 1883 or 1884, the collection of the hospital tax from the individual seaman was discontinued. There are really very few seamen alive now who ever contributed a cent to the hospital tax. In lieu thereof the Congress imposed on vessels entering our ports a tonnage tax which was to be devoted to the maintenance of the Marine Hospital Service. That persisted until about the time of the Spanish War, when the Congress said these tonnage dues should merge into the general receipts of the Treasury, and that there should be an annual appropriation for the marine hospitals.

As to the connection between the marine hospitals and the Public Health Service, it is an old name. Public Health Service hospitals is what they really are. The service originally was the Marine Hospital Service. I have been on the President's board to study this coordination of hospitals for some years. You have probably heard of the President's board. In the first place, we showed that we ran the hospitals cheaper if not better than any of the other Government services. I had to organize as best we could out of nothing—and some of you older gentlemen will remember it—the hospitalization of the ex-service men after the World War. President Harding saw fit to make them separate, much to my relief, I might say, and set up a different organization; we had to organize that.

These marine hospitals are not only an essential part of our maritime quarantine system in the ports, but they are training schools for our Public Health Service medical officers. You cannot take an ordinary doctor; he is not a useful Public Health man to start out with. You realize that. In my days of yellow fever in the South, every officer was taken out of the marine hospitals, leaving them with the internes, to go fight the epidemic. Right now the marine hospital is a reservoir to which we go for emergency to get trained medical officers. I cannot see any possible object in separating them, unless you can see somebody else who can run them better.

There was a statement made here that there were some thirty-odd bureaus engaged in public health.

The CHAIRMAN. That is the point the Chair was going to ask you to explain.

General CUMMING. That was an old statement made in the days when people were coming in wanting a big department of public health, which I am not in favor of.

Mr. TREADWAY. I did not hear that.

General CUMMING. That was an old statement which was the result of a survey many years ago.

The CHAIRMAN. How many bureaus are there now?

General CUMMING. Mr. Chairman, you yourself helped us—and so did Mr. Treadway and Mr. Reed and the others—in passing what is called "the Parker bill", about 6 years ago. That Parker bill took

care of that situation. It provides that upon the request of the head of any department or bureau—you gentlemen passed it unanimously—the Public Health Service could furnish medical officers and other trained personnel. Under that law nearly every Government Department, with the exception of the Children's Bureau, and they have not asked us for one, uses our trained officer personnel to supervise or perform their medical work; the State Department uses our officers in the consulates abroad—that is under an old statute, the act of July 3, 1893—and ever since there has been an immigration law the Public Health Service has furnished the Labor Department with medical officers for the Immigration Service.

At the request of the Department of the Interior, under the terms of the Parker Act, we furnish all the medical service and sanitary engineering service for the National Park System. We furnish supervision of the Indian Medical Service. We do nearly a million and a half dollars' worth of work for the Government for patients for the Employees' Compensation Commission, C. C. C. cases, and all that, in addition to the regular ones. We furnish all the medical service for the Employees' Compensation Commission, which has now grown from a 1-man job to a job which, as you know, under the present conditions, takes a good number of medical officers.

Consequently, the Service is a reservoir of trained medical officers. The States come to us, corporations and labor come to us, to settle industrial medical questions. The reason they do it is because they have confidence in our trained men.

The CHAIRMAN. Just why is this Service in the Treasury Department?

General CUMMING. That is an historical connection, Mr. Chairman, and personally I think it is a very fortunate one, because we have a professional and scientific outlook, and it is perhaps just as well to have some business——

The CHAIRMAN. You think it fits in better with the Treasury Department than with any other department of the Government?

General CUMMING. I really think so.

The CHAIRMAN. In your opinion, from your knowledge of this service——

General CUMMING. I see no advantage in changing.

The CHAIRMAN. Is there unnecessary duplication of the health work, to your knowledge?

General CUMMING. There may be a little bit. There is in all human activities, but practically there is comparatively little, I think except in one or two instances.

Mr. TREADWAY. Have you concluded, doctor, so that I may ask you a question or two?

General CUMMING. I shall be glad to try to answer your questions, Mr. Treadway.

Mr. TREADWAY. While it may not be a part of this bill, it is very informative to us to bring out these various details that Mr. Cooper and Mr. Vinson and others have brought out here about the Public Health affairs. I would like to know as a matter of record how many professional men or women are under your service. I mean physicians, probably nurses, if you divide it up, not just clerical help. You say you furnish to various activities of the Government professional advice and aid.

General CUMMING. Yes, sir.

Mr. TREADWAY. Can you tell us as to the number?

General CUMMING. We have at the present time a little under 400 commissioned medical officers and 700 to 800 others. I can enter the exact amount in the record.

Mr. TREADWAY. I would appreciate it if you would put it in the record.

General CUMMING. Yes; then in addition to that we have sanitary engineers, whom we have loaned to, well, Mr. Justice Hughes and to the State authorities in connection with, for instance, the Chicago Drainage Canal and all the various big harbor projects involving pollution, the study of pollution. We have a dental corps. We have one of the great laboratories of the world, as you know, here in Washington, and branch laboratories elsewhere. In addition to the people on our pay roll, I suppose it may sound a little egotistical, but I have not found anybody in the United States, doctors or sanitary men, who are not very glad to give us their services and allow themselves to be used as consultants whenever we need such work. We have that background, I think.

Mr. TREADWAY. Your department, Doctor, either under your control or previously, has gone into the breach when there have been great emergencies of epidemics?

General CUMMING. We have tried to do that, Mr. Treadway; yes.

Mr. TREADWAY. As a part of your equipment you are set up to step in if an emergency arises anywhere in the country or in our possessions, are you not?

General CUMMING. Yes, sir; I am very proud to say that the service is looked on abroad as being the great medical service of the world.

Mr. TREADWAY. When you say you have 400 medical employees, does that include those connected with the marine hospitals?

General CUMMING. Yes, sir; they are commissioned. They are career men who come into the service for life. In addition to that, we have about 700 or 800 men who come in through civil service. We use them largely in the hospitals.

Mr. TREADWAY. Professional men?

General CUMMING. Doctors; yes, sir.

Mr. TREADWAY. I mean doctors, with degrees.

General CUMMING. But we feel it is an unnecessary expense, Mr. Chairman, to have all of the men whom we need from time to time in a permanent service. It is comparable under our system of government to the small highly trained Regular Army, plus your National Guard Reserve.

Mr. TREADWAY. How many marine hospitals are there now?

General CUMMING. Twenty-six.

Mr. TREADWAY. I want to ask you one or two questions more, directly on the bill before us.

When your assistant, Dr. Waller, was testifying, I inquired about title 7 of the bill, and he said that your interest or his interest—and I suppose his interest is identical with yours—is confined to title 8. I would like your opinion whether there might arise any possibility of duplication, if not of conflict. I have before me page 54, section 702. In the first place, how do you designate a crippled child? What would be a fair definition of that general language there as applying to crippled children in section 702 of this act?

General CUMMING. I have not studied this. The term "crippled", of course, is one which would possibly need be legally defined. It is a rather broad term which might very well involve mental condition as well as physical condition.

Mr. TREADWAY. That is what I had in mind. Of course, when you speak of a cripple to an ordinary layman like myself, it means one having lost the power of locomotion to a large extent.

General CUMMING. That is the usual meaning; yes.

Mr. TREADWAY. But medicinally it is much broader than that, is it not?

General CUMMING. I should rather think that in our modern conception of looking out for the health, so to speak, the child with deficient mentality is crippled. But that would be something for definition.

Mr. TREADWAY. Another section, the very first paragraph on page 50 of title 7, has to do with maternal and child health. Certainly care of crippled children has to do with health. I am sorry we did not get this information from Miss Lenroot, who was a very excellent witness the other day, but I do not find under the Children's Bureau any designation of medical aid. This is more or less cooperative with States, it appears in here. What I had in mind is this, whether or not one bureau, either yours or hers, so far as that is concerned, could not care for the questions of health, whether of adults or children.

General CUMMING. That is a question for congressional determination, I think. We could do so.

Mr. TREADWAY. Is it not deserving of careful examination and of very critical opinion from men just like yourself?

General CUMMING. There is no reason why there cannot be thorough cooperation. There needs be no conflict at all.

Mr. TREADWAY. Of course, title 7 in the bill is a provision for a cooperative system with States the same as you have.

General CUMMING. Yes.

Mr. TREADWAY. It is for the same general purpose, public health. Is there not a very distinct possibility of duplication there?

General CUMMING. Looking to what the Children's Bureau is really primarily organized for, there is a good deal here pertaining to the welfare, is there not, of children?

Mr. TREADWAY. I have before me a list of the officials of the Children's Bureau as published in our directory. The chief, of course, is Miss Lenroot. Her assistant is Dr. Eliot. Then there are Divisions of Child and Maternal Health, Social Service, Delinquency, Statistical, Social Statistics, Industrial, and Editorial. Those are the branches. It is a coincidence, possibly, that there is a vacancy now in the head of the Child and Maternal Health Division; just when we are talking about health, there is nobody at the head of that branch, evidently. But I do not see very much reference to the actual health of the mother or of the child or the crippled child.

General CUMMING. I would much rather you asked them.

Mr. TREADWAY. Probably if we asked them they would prefer to have you asked. In other words, it is pretty difficult to get opinions, is it not, when we are trying to study these problems?

General CUMMING. I really have not studied that section of the bill, sir.

The CHAIRMAN. Doctor, we want to get the true number of employees attached to your staff. You spoke of 400, then you spoke of 700 or 800 additional.

General CUMMING. Yes.

The CHAIRMAN. Please explain what the 400 do and what the 700 or 800 do, what their connection is.

General CUMMING. There are about 350 to 400 trained medical officers who come in as young men and are trained for their life work with the public-health work.

The CHAIRMAN. Are they on full-time work and salary?

General CUMMING. They have commissions and get the same pay as medical officers of the Army and Navy.

The CHAIRMAN. Please differentiate between them and the 700 or 800 you mentioned.

General CUMMING. They are men whom we need at smaller stations or for temporary work, who are picked from the civil-service list. You have in your own State, for instance, some smaller ports where we do not feel justified in putting a medical officer, with the salary attached to that office.

The CHAIRMAN. Are these 700 or 800 people that you are describing now employed on full time?

General CUMMING. Some of them are and some of them are not.

The CHAIRMAN. Are they paid only for what work they do, or are they paid annual salaries?

General CUMMING. No; they are paid salaries, with the exception of a few people. For instance, take a life-saving station along your North Carolina coast, where a man is sent for once a week when somebody is injured; we pay the doctor there so much, a fee.

The CHAIRMAN. You mean the local doctor?

General CUMMING. The local doctor; yes, sir.

The CHAIRMAN. That is not included in this 700 or 800, is it?

General CUMMING. Yes; they are designated under the civil service law.

The CHAIRMAN. Could you give us an estimate of the average salary received by this class of men?

General CUMMING. You mean the career men or the others?

The CHAIRMAN. Both.

General CUMMING. I have it worked out, and I will enter it in the record with your permission.

The CHAIRMAN. Would you mind submitting a table giving the number of employees and the salaries, for the record?

General CUMMING. Yes, sir; I will be glad to do so. We have it all worked out.

(The matter referred to is as follows:)

MEDICAL PERSONNEL OF THE PUBLIC HEALTH SERVICE

1. Commissioned medical officers on active duty, 306; average salary, $4,016.

In addition to the foregoing there are also in the commissioned corps 52 dentists, 22 sanitary engineers, 8 pharmacists, and 1 scientist. The salaries are the same as for the medical officers except in the case of the pharmacists who serve only in the two lowest grades.

The commissioned personnel comprise a mobile corps whose members are subject to constant changes of station to meet the varying requirements within the field of public health and the emergency demands for the control of epidemic diseases. The commissioned personnel is distributed among the various activities of the Service and is interchanged at intervals to insure readiness for any duty to which it may be called.

2. Acting assistant surgeons, 704: (*a*) Full time, 166; average salary, $3,200; and (*b*) part time, 538; 75 of the 538 on a per annum salary basis, ranging from $120 to $1,800 per annum, the balance of 463 on per diem when actually employed basis or fee basis. The per diem rates range from 83 cents to $15 and the fees from $2 for each examination or each vessel inspected.

The acting assistant surgeons are engaged in hospital, quarantine, and immigration activities under the supervision of commissioned officers.

3. Attending specialists and consultants, 501: (*a*) Full time, 1 at $3,000; and (*b*) part time, 500 at a small per annum basis and on fees in accordance with a schedule outlined by the Bureau, a copy of which is attached.

Closely allied with the medical personnel are 100 scientific and technical workers engaged in investigations of scientific problems, and 540 nurses engaged in hospital and public health nursing activities.

There are 26 marine hospitals and 118 relief stations located throughout the country. The beneficiaries of the hospitals and relief stations are as follows:

1. Persons employed on board in the care, preservation, or navigation of any registered, enrolled, or licensed vessel of the United States, or in the service on board of those engaged in such care, preservation, or navigation.
2. Officers and enlisted men of the Coast Guard.
3. Officers and seamen on vessels of the Coast and Geodetic Survey.
4. Officers and crews of vessels, certain keepers and assistant keepers of the Lighthouse Service.
5. Officers and crews of vessels of the Bureau of Fisheries.
6. Persons detained in hospitals of the Public Health Service under the immigration laws and regulations.
7. Seamen from vessels of the Army Engineer Corps and Army transports, or other vessels belonging to United States Army.
8. Seamen employed on the vessels of the Mississippi River Commission.
9. Beneficiaries of the Employees' Compensation Commission.
10. Patients of the Veterans' Administration.
11. Lepers.
12. Pay patients designated as such under the departmental authority, as officers and enlisted men of the United States Army and Navy, foreign seamen, etc.
13. Officers of the Public Health Service, and those employees of the Public Health Service on field duty.
14. Mental hygiene division beneficiaries.
15. Officers and employees of the Public Health Service at national quarantine stations, on board quarantine vessels, and at foreign ports.

Mr. WOODRUFF. Doctor, the activities of the Public Health Service have to do more with the preventing of communicable diseases, have they not?

General CUMMING. Preventing them and attempting to study their cause so that we may better prevent them and in stamping them out.

Mr. WOODRUFF. I understand; but it has to do with preventing communicable disease?

General CUMMING. Yes.

Mr. WOODRUFF. That is the primary objective of your whole service, is it not?

General CUMMING. That is right; yes. That is the fundamental purpose of the Public Health Service.

Mr. WOODRUFF. Anything having to do with crippled children would hardly come under your supervision unless the child is crippled as the result of some infectious disease?

General CUMMING. Oh, we do not confine ourselves to infectious disease. We, of course, naturally study all diseases.

Mr. WOODRUFF. I understand. When I say "infectious diseases" of course I mean communicable diseases as well.

General CUMMING. We study all diseases so far as we can.

Mr. WOODRUFF. So far as your activities in connection with crippled children are concerned you hardly could take on anything

unless it had to do with those disabilities arising from infectious or communicable diseases. Is that correct?

General CUMMING. We have not done so in the past. Of course, any medical service could do that.

Mr. WOODRUFF. But I say, that is not a thing that properly comes before your department insofar as crippled children are concerned?

General CUMMING. It has not in the past. I do not know that I exactly understand you.

Mr. WOODRUFF. Children are crippled from various causes.

General CUMMING. Infantile paralysis is a communicable disease we have studied.

Mr. WOODRUFF. From traumas of various kinds and character.

General CUMMING. Yes; birth traumas accidents, and so on.

Mr. WOODRUFF. That divides them into two classes, at least. What I am trying to get at is whether or not the Public Health Service should invade that field covered by that department at the head of which is Miss Lenroot.

General CUMMING. We are not asking for it.

Mr. WOODRUFF. I understand. I am not trying to put you in a position where you are asking for that, Doctor. All I am trying to secure is some information as to the dividing line between these two activities.

General CUMMING. Yes; I understand.

Mr. WOODRUFF. You appreciate the fact that there is a place, and very properly so, for part of these disabilities of children who come before your department. In other words, your department very properly is greatly interested in the prevention of disease that brings about the crippling of children.

General CUMMING. Exactly; in preventing the child from becoming crippled.

Mr. WOODRUFF. Yes.

General CUMMING. After the child becomes crippled it is very largely, of course, a matter of welfare work. Of course, there are preventive and remedial things which may be done.

Mr. WOODRUFF. In other words, your activities in no way overlap the activities of that other department we spoke of a moment ago, headed by Miss Lenroot?

General CUMMING. I do not think so.

Mr. WOODRUFF. A few moments ago Mr. Knutson brought out in interrogating Dr. Waller the fact that your department was, as the doctor said, a laborstory. Will you tell the committee, Doctor, whether or not the average freighter plying the oceans of the world carries a doctor on board?

General CUMMING. It differs in different countries.

Mr. WOODRUFF. I am speaking now of the American Merchant Marine.

General CUMMING. Oh, the American Merchant Marine. No, they do not have to carry a medical officer unless they have in excess of, I think, 10 passengers. I am not accurate about that, but I think it is 10 passengers.

Mr. WOODRUFF. Any freighter in coming into an American port necessarily must stop at quarantine, must it not?

General CUMMING. From a foreign port; yes.

Mr. Woodruff. Is it not a fact that because the smaller boats do not carry a doctor they are just as liable to bring diseases into the country as are the larger boats that do have a doctor? Is it not a fact that by reason of the service that you have at hand available for the seamen on the ships or at quarantine, if any infectious or communicable disease is discovered aboard that ship, that man aboard that ship is immediately transported to your hospital?

General Cumming. Transported to the marine hospital.

Mr. Woodruff. Transported to the marine hospital, where he can probably be given proper care, and where the public itself by reason of the experience and knowledge you have can be properly protected from that particular disease?

General Cumming. Yes, sir. Not only that, sir, but one of the most dramatic things in connection with the marine hospital is the arrangement we have with the broadcasting stations by which they handle free requests from just such boats as you are describing, without a doctor. It happens every day that a radio message—we have arranged it internationally; it is more or less of a cipher business, describing the physical condition in accidents, and so on—is sent out and is transmitted by the radio people to the nearest marine hospital. We give advice by radio to these sailors, whether foreign seamen or American seamen. That is a very dramatic part of the service at present.

The Chairman. Doctor, it is not the purpose of any member of the committee, and I am sure it is not the purpose of the Chair, to voice any criticism of your work. Our purpose was to get information as to the scope of your Bureau and other bureaus to see if there is any duplication and conflict.

General Cumming. Yes, I understand, Mr. Chairman.

Mr. Knutson. There is one activity that your Service is carrying on that is very important, and which has not been brought out in this hearing. That is your work with lepers down in Louisiana.

General Cumming. Yes, sir.

Mr. Knutson. You have the only leper colony in the United States, have you not?

General Cumming. Yes, sir. We took over from the several States, under authority from the Congress, the jurisdiction of lepers, and we have a large leper hospital in Louisiana.

Mr. Knutson. When did you take over jurisdiction of the leper colony in Louisiana?

General Cumming. It was not the fault of Congress, but it was a good many years after you gave us the appropriation before we could find a State that was willing to let us build a leper hospital in it. Every State was anxious to have it in some other State. Finally we got the Louisiana people to turn over this place. It was, I should say, about 12 years ago.

Mr. Woodruff. It was longer ago than that, Doctor.

General Cumming. I cannot remember exactly.

Mr. Woodruff. I know by reason of the fact that while I was the mayor of my home city more than 20 years ago, we discovered that we had a leper. After your leper colony was established in Louisiana, we sent that man down there and he was returned to us as cured. So I know something about the length of time you have had it.

General Cumming. The present modern hospital was set up 12 years ago.

Mr. KNUTSON. How many patients do you have there now?

General CUMMING. About 400.

Mr. KNUTSON. Do you effect any cures?

General CUMMING. Oh, yes; a very interesting thing. In speaking of cures, I mean that in the same way one would speak of being cured of tuberculosis, arrested.

Mr. KNUTSON. Yes, arrested cases.

General CUMMING. Every time a man is discharged, they have a leper band of their own, and they escort him to the gate.

Mr. DINGELL. Doctor, I am intensely interested in just the method of cure. This is probably foreign to this hearing but this is an occasion for getting some information. Are you still using ethyl ester chaulmoogra down in the leper colony in Louisiana?

General CUMMING. Yes.

Mr. DINGELL. Or has that been exploded? I understood when I was in the Far East that there was bitter disappointment because chaulmoogra had failed.

General CUMMING. We do not think it is a specific, but it is an aid.

Mr. DINGELL. It has not been discontinued?

General CUMMING. No. We use it as well as other things.

Mr. KNUTSON. What percentage of cases you have had down there have been arrested?

General CUMMING. I am afraid, Mr. Knutson, I could not tell you anything definite about it. The last I remember, about 89 cases were discharged as arrested.

Mr. KNUTSON. From the time the colony was established until today?

General CUMMING. I think that is so.

Mr. KNUTSON. Out of a grand total of how many?

General CUMMING. Oh, seven or eight hundred probably, have been treated. I would like to be a little more accurate and enter it in the record of the hearings.

Mr. LEWIS. Doctor, I have to go to a doctor's office now and then. In looking over his library while waiting, I notice medical books entitled, "Diseases of Children." There is a special field, pathological and therapeutic, is there not, in the practice of medicine, dealing with diseases of children?

General CUMMING. Oh, there are many fields; yes, sir.

Mr. LEWIS. There might be a children's function within the Public Health function?

General CUMMING. Oh, yes.

Mr. LEWIS. Intelligently enough?

General CUMMING. That has been recognized. One of the earliest things I was connected with years ago down here at the laboratory was studying the pasteurized milk versus unpasteurized milk with children. All of our laboratory work, in so far as antitoxins and seria, and so on, is more intimately connected with diseases of children than adults. There is, as Mr. Lewis says, a distinct field of pediatrics, children's diseases, certainly.

Mr. LEWIS. I hear parents calling in, not the regular physician, but a babies' physician.

General CUMMING. That is true.

Mr. LEWIS. A specialist.

The CHAIRMAN. Doctor, we thank you for your appearance and the information you have given us.

General CUMMING. Thank you, Mr. Chairman, for your courtesy.

Mr. KNUTSON. Doctor, will you put into the record how much you spend each year at your leper colony?

General CUMMING. Yes, sir. If I had known I was going to be called on, I would have had this data. I will be glad to do this.

Mr. KNUTSON. You had no right to expect that we would call upon you for all this extraneous information.

(The statement above referred to is as follows:)

COST OF OPERATING LEPROSARIUM AT CARVILLE, LA.

Average maintenance cost, per patient, for fiscal year 1934, $2.14 per day.
Relief days, fiscal year 1934, 130,109.
Total expenditure for maintenance, 1934, $277,814.56.
Ration cost, fiscal year 1934, 52 cents.

APPENDIX A. DETAILED STATEMENTS REGARDING SECTIONS 802 AND 803 (A) AND (B) OF TITLE VIII

STATEMENT REGARDING SECTION 802 OF TITLE VIII

THE NEED FOR FEDERAL AID TO STATES, COUNTIES, AND CITIES

It should not be assumed that the Federal Government, in allotting $8,000,000 a year to aid the States in the development and maintenance of adequate State and local health service, would be taking over in large part the maintenance of health service for the country as a whole. The financial burden of maintaining such service would still rest largely upon State and local government. In local communities where even reasonably adequate health service is now being maintained, the cost of such service is not less than $1 per capita per year. Many of the leading authorities on public health in the United States today believe that $2 per capita would come nearer to meeting the actual need for adequate health service. It will be readily seen, therefore, that the total cost of providing even reasonably adequate health service for every individual in the country will be, when such service is provided, not less than $120,000,000 a year. While such a sum may seem surprisingly large in the aggregate, it is because we have not been accustomed to considering the cost of health protection for the Nation as a whole and have not given the functions of State and local health organizations the place of importance in governmental activity which they deserved. Reducing the total amount required to per capita cost per year, we find that the amount considered necessary for each individual is small in comparison with other per capita expenditures which must be made for food, shelter, clothing, medical care, education, and the like. Obviously, a contribution of $8,000,000 a year from the Federal Government toward the cost of health service for the country as a whole will be but a small part of the total. It is likewise obvious that the responsibility for financing health work still will rest largely upon State and local authorities.

In spite of the amazing progress made within recent years in the development of better methods for the prevention of sickness and death, the ravages of diseases that could be controlled have continued to go on among our people in many sections of the country, for the reason that we have lagged behind lamentably in getting to a large proportion of our population, especially in the rural areas, the benefits of discoveries in disease prevention given to us by our research workers.

The first full-time county health unit in the United States was estbalished as long ago as 1911. The soundness of the whole-time county or district health unit plan has been repeatedly demonstrated in many of the States. And yet, although twenty-three years have elapsed since the first full-time county health unit was established in this country, there are only 550 counties with full-time health service in the United States today. Approximately 2,000 rural counties, containing more than 75 percent of our total rural population, are without any health service worthy of the name. There are two important causes for the existence of this situation:

1. Many counties are too poor to provide adequate health service without aid from some outside source.

2. It is difficult to convince local governing authorities of the need for appropriations for health work until the actual prevention of sickness and deaths through public-health activities can be conclusively demonstrated to them.

Little need be said with respect to the need for outside assistance to certain counties too poor to meet the entire cost of public-health service. In many of our States there are counties in which the taxable wealth or other source of revenue is so small that adequate local appropriations cannot be made for a health department without making the allotment for health out of all reasonable proportion to expenditures for other necessary functions of government. One of the purposes of the proposed $8,000,000 appropriation is to aid State health departments in giving assistance to the counties in this group, to the end that the people in these communities may enjoy the benefits of health protection to which they are—certainly from a humane standpoint—entitled as citizens of this country.

With regard to the need for outside aid for demonstration purposes, it is well known to all national and State agencies who have endeavored to promote the expansion of full-time health service in the past that it is almost impossible to induce local boards of county commissioners to make the initial appropriation for the establishment of a new full-time county health unit unless financial aid can be offered from an outside source. The reason is not hard to understand; health work, to a large extent, does not deal with material things. It has for its objective the prevention of things that might happen in the future. The wisdom of expending public funds for school buildings and roads and for maintenance of our schools is apparent to anyone, because we see and use the buildings and roads and know that our children use the schools. Except to statisticians, who are trained to use death rates and other "measuring sticks" for demonstrating the effectiveness of health work, the anticipated results of such work are often not tangible. It is difficult therefore to persuade local appropriating bodies to provide funds to support an activity the result of which cannot be readily demonstrated in advance of the expenditure.

The situation in many of our smaller cities, and in some of the larger ones, is almost as bad as that existing in a large part of our rural area. There are numerous urban communities throughout the country in which such health activities as are being carried on today are under the direction of part-time physicians engaged in private practice or lay health officers, neither with training in modern public-health administrative practice. In some of these communities such health protection as has been afforded has been largely incidental to improvements instituted for economic and esthetic reasons, or to ready access of the population to good medical care, rather than a credit to activity of the health department. In many of our cities the chief health-department activity still consists largely in the inspection of private premises for nuisances having little bearing on public health and an attempt to control communicable diseases through quarantine procedure—admitted by leading health workers, in this day of scientific control methods, to be of little avail in reducing the incidence of communicable diseases. More specifically it may be pointed out that many of the milk supplies for urban communities are still far from being as safe as they should be, and that the unsightly, open-back, insanitary privy still exists in the outlying sections of most of our small cities, with the result that typhoid fever is rapidly becoming more prevalent in towns and small cities than in the rural areas.

Nor is the need for Federal aid confined to rural and urban health organizations. Not more than half of the State health departments are adequately staffed or satisfactorily equipped to render the service which they alone can give regardless of the extent to which local facilities may be developed. Specific reference is made to divisions of vital statistics, laboratories, and sanitary engineering service for the supervision of local water supplies, sewage disposal, and other environmental sanitation activities. At least a third of the States are not now able to promote the establishment of full-time local health departments or to give proper supervision to local health work, because of the lack of properly trained scientific personnel, capable of performing such duty, on the State health department staff.

Before any worth-while progress can be made in the extension of full-time local health service, there must be created in each State a reserve of trained health

officers, public-health nurses, sanitary engineers, and inspectors to fill the positions which will be established in the new units.

In spite of the curtailment of appropriations for health work in recent years there is at present a shortage of individuals trained for health work. The public-health field has not heretofore attracted a surplus of trained workers for the reason that the slow development made opportunity for employment too uncertain.

Should the Federal, State, and local governments join in a movement for rapidly extending full-time local health service throughout the country, the first step must be the training of a large number of workers. It would be useless and wasteful to attempt further expansion without first creating a reservoir of trained workers. It is believed that the Federal Government should do its part toward the training of this personnel, and since the types of young physicians and nurses usually selected for health work are not usually able to provide support for themselves during the training period, it is considered proper that they should, while training, receive a small stipend sufficient to meet their living expenses. The Rockefeller Foundation, which has for some years contributed annually to the training of selected groups of young physicians for health work, has made a practice of allowing a living stipend to trainees.

Need for permanent appropriation for Federal aid.—One of the chief obstacles to extension of county health work in the United States has been the uncertainty of Federal aid in the past. The comparatively small amounts available to the Public Health Service up to this time in its regular appropriations for rural health work have served only to assist with demonstrations in a limited number of counties. Even when larger amounts have been made available to meet emergencies such as existed following the Mississippi flood and the drought of 1930, little permanent good resulted because many of the health organizations created through the use of these funds collapsed when the emergency appropriations were exhausted. The State health officers hesitate to attempt the extension of services dependent upon Federal aid when they cannot be assured that such aid will not be withdrawn at any time. To go forward with expansion of full-time health service on a broad scale, there must be some assurance, such as this measure will give, of continuity of program. Only when this assurance is given will it be possible for the State health authorities to plan a sound program for further development and to obtain funds from their own legislatures for the extension of local health work.

Preventable illness and mortality in the United States.—While it is true that the general death rate and the rates for tuberculosis and infant mortality for the country as a whole declined to the lowest figures on record in 1933, we should not be misled by this fact into the belief that further safeguards of the Nation's health are unnecessary. These death rates do not tell the whole truth. As Dr. Edgar Sydenstricker,[1] one of the leading public-health statisticians in the United States, recently said: "The plain fact must be faced that notwithstanding great advances in medicine and public health protection, the American people are not so healthy as they have a right to be. Millions of them are suffering from diseases and thousands annually die from causes that are preventable through the use of existing scientific knowledge and the application of common social sense. Ample evidence exists to support this sweeping statement".

Approximately 120,000 infants under 1 year of age died in 1933. Although our infant death rate has been reduced by half during the past 25 years, many of the leading sanitarians in this country believe that mortality in the infant-age group can again be reduced by 50 percent. It is also confidently believed by some of the leading authorities on tuberculosis that the 74,000 deaths which occurred from this disease in 1933 could again be cut in half; and there is good reason to assume that, with proper health protection for prospective mothers, at least two-thirds of the 13,000 mothers who die each year in childbirth could be saved.

Examination of the following table, compiled from mortality figures of the United States Bureau of the Census, shows that, in spite of the low general death rate, a total of 246,272 deaths occurred in the United States, in 1933, from causes that may be classed as preventable.

[1] Health in the New Deal, Edgar Sydenstricker, The Annals of the American Academy of Political and Social Science, November 1934.

Number of deaths in the United States, preventable diseases, 1933

Typhoid fever	4, 389
Paratyphoid fever	84
Typhus fever	81
Undulant fever	72
Smallpox	39
Measles	2, 813
Scarlet fever	2, 546
Whooping cough	4, 463
Diphtheria	4, 936
Influenza	33, 193
Dysentery	2, 814
Erysipelas	2, 017
Acute poliomyelitis, acute polioencephalitis	797
Epidemic encephalitis	1, 357
Epidemic cerebrospinal meningitis	1, 482
Anthrax	11
Rabies	65
Tetanus	1, 253
Tuberculosis of the respiratory system	67, 417
Other forms of tuberculosis	7, 419
Leprosy	27
Syphilis	11, 039
Gonococcus infection and other venereal diseases	998
Purulent infection, septicemia (nonpuerperal)	931
Malaria	4, 678
Other diseases due to protocoal parasites	61
Ancylostomiasis	20
Scurvy	28
Beriberi	1
Pellagra	3, 955
Rickets	339
Pneumonia, all forms	86, 947
Total	246, 272

Typhoid fever and diphtheria, both now regarded as diseases easily prevented when known control measures can be applied, each took toll of more than 4,000 lives. Measles and whooping cough, often regarded by the uninformed as simple and relatively harmless diseases of childhood, killed respectively 2,800 and 4,400 in 1933.

So far as the public was concerned, these appalling unnecessary losses of life went unnoticed, because of the lack of spectacular circumstances attending their occurrence; yet, had similar losses occurred in a series of single disasters, such as an earthquake or the sinking of an ocean liner, the Nation would have been shocked and our newspapers would have carried front page headlines for days.

Nor do deaths alone tell the whole story. It is estimated that for each death from typhoid fever there are 10 cases; for each death from diphtheria, 12 cases. Although accurate figures are not available with respect to cases of preventable diseases for the country as a whole, for the reason that reporting of cases is not complete where satisfactory health organizations do not exist, it is believed that a conservative estimate will place the number of cases of typhoid fever at 43,000, and of diphtheria at 58,800, in the United States in 1933.

A recent survey by the Public Health Service showed by actual blood test of only 200,000 people in 11 Southern States a total of 14,000 known cases of malaria. This survey was made during the winter when malaria is least active, and included only school children. It is estimated that in the whole population in the malarious section of the South, there are, every year, at the height of the malaria season, probably 6,750,000 cases of malaria.

Coming to the venereal diseases, we find that 750,000 cases of syphilis seek treatment annually in the United States. Unfortunately, however, largely on account of ignorance of the nature of the disease or of the high cost of treatment and the lack of facilities for treatment at a cost that can be borne by the patient, more than half of these cases do not obtain treatment during the first 2 years of their infection. This 2-year period is the interval of greatest communicability and is of vast importance in the control of syphilis. Adequate treatment during

this time will not only prevent the spread of this disease but also make possible the cure of the individual. For this reason it is of the utmost importance that adequate treatment facilities be made available for all indigent and borderline economic cases in both rural and urban districts of the United States.

The same factors in connection with the control of gonorrhea exist as in the case of syphilis control. About 679,000 new cases of gonorrhea annually seek treatment in this country. This number does not give a true picture of the actual number of gonorrheal infections usually because many more patients with gonorrhea than with syphilis do not seek treatment. While the late and crippling manifestations of the gonorrheal process are not as marked as in the case of syphilis the vast prevalence of gonorrhea makes the disease one of primary importance.

Economic loss from preventable illness.—As has been pointed out, nearly 250,000 of the 1,342,073 deaths that occurred in 1933 were from preventable causes. These deaths alone represented a money loss in human-life value conservatively estimated at $738,716,000. This does not take into account the enormous amount of preventable disabling illness that did not show in the mortality figures. More than 43,000 cases of typhoid fever alone caused an estimated loss of $8,600,000 for medical care. Nearly 60,000 cases of diphtheria caused a loss of $2,961,000. These two diseases are now regarded as almost entirely preventable if known methods of prevention could be universally applied.

The figures presented above do not take into account the enormous annual loss in man power and wages and the cost of drugs for self-medication caused by preventable disabling illness.

There recently was brought to the attention of the medical director of the Federal Emergency Relief Administration an instance in which $784 was paid by a local relief administrator for medical and nursing care for two severe cases of typhoid fever in two relief beneficiaries who could not be placed in a hospital. Considering the severity of the cases, the amount paid for this service was not considered unreasonable. And yet the expense to the Government for this medical care might have been avoided through immunization of these two individuals at a cost of not to exceed $2 each, including overhead, if health service had been available to them.

RESULTS OF HEALTH WORK IN THE PAST

There can be no doubt that the knowledge of scientific preventive methods in our possession today, if universally applied, would enable us to go far toward eliminating much of the unnecessary economic loss now chargeable to preventable diseases in this country. That intensive application of known scientific measures for communicable disease control can completely eradicate certain diseases has been demonstrated repeatedly. The complete banishment of yellow fever from the United States, Cuba, and Panama afforded an excellent example. Bubonic plague was completely stamped out in San Francisco some years ago through the intensive application of rat control. Many other examples could be cited.

Even in face of the lack of adequate health service in much of our rural area and in many of our cities remarkable progress has been made in the reduction of deaths from communicable diseases in the United States during the past half century. Fifty years ago infectious diseases prevailed to such an extent and were accompanied by such a high case fatality rate that fifteen-sixteenths of all deaths were chargeable to this group. Today, as a result of only a partial application of known scientific methods, deaths from communicable diseases have dropped to less than 50 percent of the total.

As has already been pointed out, the infant mortality rate in this country has been cut in half during the past 25 years, and leading authorities on public health confidently believe that it could be reduced by another 50 percent. The intensive treatment of syphilis cases in England has brought about a remarkable reduction in the prevalence of this disease in recent years in that country.

Numerous instances could be cited where intensive health work carried on by county health organizations has reduced sickness and mortality rates. A few examples will serve to illustrate what can be done when adequate health service is provided:

In Williamson County, Tenn., the health department conclusively demonstrated between 1927 and 1932 that maternal deaths could be greatly reduced in number when prenatal cases came under supervision of the department. With only 10.8 percent of mothers under supervision in 1927, the maternal mortality rate (deaths per 1,000 births) was 7.4, whereas in 1932, with 74.1 percent of mothers under supervision, the rate was 2.2 per 1,000 births.

In Sunflower County, Miss., through the operation of prenatal clinics for expectant mothers by the health department, the white maternal death rate was reduced from 7.4 to 0, and the colored from 16.9 to 8.4, between 1928 and 1931.

In the spring of 1911 an officer of the Public Health Service was detailed, at the request of the local government authorities and the State health department, to make a study of typhoid fever in the city of North Yakima, and the county of Yakima, in the State of Washington. The chamber of commerce of the city and county promised in advance to give active support to the measure which would be recommended for the control of the disease. The studies were made in cooperation with representatives of the State health department and the local part-time health agencies. The high rate of prevalence of typhoid fever with an annual death rate of about 200 per 100,000 population (over 5 times that for the United States as a whole) in Yakima city and county during the several previous years was obviously due to local insanitary conditions, the operation of which was augmented by climatic, irrigation, and soil factors.

A campaign of county-wide sanitation was inaugurated and carried out along lines in some respects comparable to those of a political campaign. The citizens generally became enthusiastically interested and in remarkable proportion applied at their homes the sanitary measures recommended. The home improvements, along with the mass sanitary measures carried out in North Yakima and in the towns and villages in the course of a few weeks, effected, in Yakima County as a whole, a radical change. As the sanitary improvements proceeded, the typhoid fever incidence in the county, instead of rapidly increasing as usual in the early summer, markedly diminished. With a view to having the sanitary program continued, an effort was made, through organization of the aroused public sentiment for sanitation, to bring about the establishment of a permanent health-service unit for the county and city. By formal action of the county commissioners and the city council a full-time county health department for Yakima County was established and began operating as such on July 1, 1911. At the head of the unit was a physician trained in sanitary science, engaged under contract to serve in his official capacity on a whole-time basis. His assistants consisted of health nurses, sanitary inspectors, a bacteriologist, and an office clerk, each of whom also was engaged to serve on a whole-time basis. The whole-time health unit in Yakima County has continued in operation without interruption since its original establishment.

The Yakima County health department force continued the program of sanitation begun in the early summer of 1911 and performed other activities making for a well-rounded comprehensive program of county-city health work. In North Yakima, with a population of 14,082 in 1910 and of about 18,700 in 1914, the number of deaths from typhoid fever reported in the period of 7 years, including the year of the campaign (1911), was as follows:

In 1908, 25; in 1909, 20; in 1910, 30; in 1911, 6; in 1912, 4; in 1913, 3; in 1914, 2. Of the deaths in 1911, 1912, 1913, and 1914, 2, 4, 3, and 2, respectively, were of persons who had contracted the disease elsewhere and who were brought to the city for treatment. Thus in the period of 3 years following the sanitary campaign and the establishment of the county health department not a death from typhoid fever of local origin was reported in that city. In the county, outside North Yakima, deaths from typhoid fever were reported as follows: In 1910, 25; in 1911, 11; in 1912, 3; in 1913, none. Besides the notable reduction in typhoid fever, there was a considerable reduction in the death rates from other preventable diseases. In the country as a whole the annual number of deaths from all causes averaged for the 3 years 1912–14 over 100 less than the number in 1910.

USE OF THE PROPOSED FUND FOR AID TO STATES

It is proposed that the $8,000,000 to be appropriated annually for aid to States would be used in the following manner:

1. To strengthen service divisions of State health departments.
2. To assist in providing adequate facilities in State health departments especially for the promotion and supervision of full-time city, county, and district health organizations.
3. To give, through the State health departments, direct aid towards the development and maintenance of adequate city, county, and district health organizations.
4. To assist in developing trained personnel for positions to be established in the extension of city, county, and district health organizations.

5. To provide, through the State health departments, aid in the purchase of biological products and other drugs needed for individual immunization and other preventive activities among the poor.

While it is considered unlikely that all of that part of the amount allocated to aid of local health organizations which would be used for the development and maintenance of full-time county or district health units could be utilized satisfactorily in the organization of such units during the first year, it is proposed that the funds available for this purpose could be used to great advantage temporarily to aid the most needy of the 2,000 counties now without any health service whatever in providing at least a public-health nursing service until adequate full-time health service under full-time specially trained medical health officers can be established.

With respect to the basis for distribution of the $8,000,000 fund among the several States, the bill provides that the allotments should be made according to the demonstrated need in each State. In determining such need, it is proposed that consideration be given to size of population, but with due regard to other factors involved.

It is proposed that funds would be allotted to the States on the basis of budgets showing contributions from State and local sources for each project for each year, and that the maintenance of certain generally accepted standards of personnel qualifications and service would be required. There is appended a sample of the report form used by State health departments and the Public Health Service in determing the efficiency with which the work is being carried out in each project.

The attached diagram, chart, and poster show the organization and functions of a county or district health unit.

REGULATIONS GOVERNING THE PARTICIPATION OF THE PUBLIC HEALTH SERVICE IN THE ESTABLISHMENT, DEVELOPMENT, OR MAINTENANCE OF LOCAL HEALTH SERVICE IN RURAL AREAS, IN THE FISCAL YEAR 1935

1. Through the State health departments the Public Health Service will give financial aid:

(*a*) In the maintenance of existing full-time county or district health units, when State and/or local funds available are insufficient to provide for adequate health service.

(*b*) In the establishment of new full-time county or district health units, when State and local funds available are insufficient to meet the entire cost of adequate health service.

(*c*) In the establishment of facilities in the State health department for adequate promotion and supervision of county and district health service, where such facilities do not now exist and where State funds are not available to meet the entire cost of such facilities.

2. The Public Health Service will not contribute to any project in which less than 50 percent of the total cost is borne by State or local authorities.

3. Where State or local authorities can meet more than 50 percent of the total cost of a project they will be expected to do so.

4. The Public Health Service will not contribute to any local project in which less than 25 percent of the total cost is borne by the local authorities.

5. Grants in aid to existing State or local projects will be supplemental to funds now being expended and in no case will serve to replace existing State or local allotments to such projects for the purpose of relieving State or local authorities from expenditures now being made.

6. Contributions will be made by the Public Health Service toward the establishment or maintenance of county or district health service only under the following conditions:

(*a*) The county or district unit shall be under the direction of a whole-time medical health officer, whose training shall meet the requirements recommended by the Joint Committee on Qualifications of County Health Officers and adopted by the conference of State and Territorial health officers.

(*b*) The personnel of county health units shall consist of not less than a whole-time medical-health officer, one public-health nurse, and a clerk.

(*c*) The personnel of district health units shall consist of not less than a whole-time medical-health officer for the district and 1 public-health nurse and 1 clerk for each component county or other governmental unit.

(*d*) Public-health nurses shall have had special training in public-health work at a recognized public-health nursing school, or not less than 5 years of successful experience in health work in the field under the supervision of a competent health agency; provided, that where nurses with previous training or experience cannot be secured, other competent nurses may be employed on condition that they will be given field training in an existing health unit or other suitable place for instruction.

(*e*) Sanitary inspectors without previously demonstrated successful experience shall be given field training in an existing health unit or other suitable place for instruction.

7. The State health officers will submit to the Public Health Service a statement of the situation in each county or district recommended for assistance and will attach a proposed budget showing the distribution of funds from all sources and indicating the items required from the Public Health Service for the period ending June 30, 1935. (Budget forms will be supplied by the Public Health Service and instructions will be issued as to details of preparation.) The Surgeon General shall review such budgets and shall have discretion in the approval or disapproval of any project submitted for consideration.

8. The contributions of the Public Health Service will be made only to salary items on the budgets.

9. Quarterly reports will be required from State health officers to the Public Health Service for each project, on the form provided for this purpose, showing the activities carried on by the unit and presenting a statement of expenditures incurred by the several participating agencies for the quarter.

H. S. CUMMING,
Surgeon General.

Approved:
HENRY MORGENTHAU, JR.
Secretary of the Treasury.

RECOMMENDATIONS OF COMMITTEE ON QUALIFICATIONS OF LOCAL HEALTH OFFICERS

With regard to the qualifications for health officers in charge of counties, districts or other communities having a population of less than 50,000 the committee submits the following recommendations:

(1) That the health officer shall have a degree of doctor of medicine from a reputable medical school and be eligible to take the examination for a license to practice in the State where he is to serve. It is not, however, recommended that the health officer shall actually be licensed, except of course where licensure is required by statute as is the case in certain States.

It is regarded as highly desirable that any candidate for appointment shall have had at least 1 year of clinical experience, including 3 months in pediatrics and 3 months in infectious diseases, gained preferably in a hospital of acceptable standards.

(2) The candidates for appointment be not more than 35 years of age when first specializing in public-health work.

(3) That wherever practicable the candidate be required to have had special training in the theory and practice of public health work as follows: (*a*) Not less than 1 year in residence at a recognized university school of public health and (*b*) not less than 6 weeks of field experience under proper supervision in a local health organization.

(4) That pending the development of a reserve of personnel with qualifications specified in item 3, appointing officers at their discretion may accept—

(*a*) Carefully selected personnel which either shall have already had or shall agree to take from 3 to 6 months training in a local health organization in a position to supervise a course of field training, and

(*b*) Personnel who have taken in a university a graduate course of instruction in public health of not less than 3 months duration, 6 weeks of which shall be spent in a well organized local health department that is in a position to give adequate supervision to training.

(5) That all persons holding the position of health officer, in such areas as are here under consideration, at the time these standards are adopted by a State, be required to meet the standards specified in item 4 (*b*).

Treasury Department, United States Public Health Service

Progress report no. ---- County or district. ---- State ----

Month ----

Period covered by budget ---- Total amount of budget ----

Distribution of budget {County / City. ---- State ----

Public Health Service ---- Other agencies ----

EXPENDITURES

Item	Title	Total	Public Health Service	State	County, city	Other	Balance alloted
Contingent							
Total for month							
Previously reported							
Total to date							

(S) Indicates salary.
(T) Indicates travel.
* Complies with standard qualifications.

Report of Health Unit Service

Part I.—*General report*

It is understood that all items listed in this report are [in harmony with the policies of the local medical] society]

	Item no.	Number during month	Number previously reported	Total to date
I. EDUCATIONAL				
1. Public lectures	1			
a. Attendance	2			
2. Technical lectures	3			
a. Attendance	4			
3. Informal health talks	5			
a. Attendance	6			
4. Newspaper articles	7			
5. Circular letters	8			
6. Bulletins and leaflets distributed	9			
7. Health exhibits	10			
a. Attendance	11			
8. Personal conferences	12			
II. COMMUNICABLE DISEASE CONTROL				
1. Cases reported, total	13			
a. Beri-beri	14			
b. Chickenpox	15			
c. Cerebrospinal meningitis	16			
d. Diphtheria	17			
e. Dysentery	18			
f. Goiter	19			
g. Gonorrhea	20			
h. Hookworm	21			
i. Measles	22			
j. Malaria	23			
k. Pellagra	24			
l. Poliomyelitis	25			
m. Rickets	26			
n. Scarlet fever	27			
o. Smallpox	28			

PART I.—*General report*—Continued

	Item no.	Number during month	Number previously reported	Total to date
II. COMMUNICABLE DISEASE CONTROL—continued				
1. Cases reported—Continued.				
p. Streptococcic sore throat	29			
q. Syphilis	30			
r. Tuberculosis	31			
s. Tularemia	32			
t. Typhoid fever	33			
u. Typhus	34			
v. Undulant fever	35			
w. Whooping cough	36			
2. Cases placed under effective control measures	37			
3. Visits by physician for investigation or control	38			
4. Visits by nurse for investigation or control	39			
5. Secondary cases (in contacts)	40			
6. Carriers (to be managed as cases)	41			
7. Cases hospitalized	42			
8. Tuberculosis:				
a. New cases under supervision	43			
b. New suspects under supervision	44			
c. New contacts under supervision	45			
d. Cases discharged from supervision	46			
e. Number clinics held	47			
f. Number examinations (medical)	48			
g. Number diagnosed tuberculous	49			
h. Number persons x-rayed for tuberculosis	50			
i. Number visits to clinics (patients)	51			
j. Children tuberculin tested	52			
k. Number children positive reactors	53			
l. Cases hospitalized (total)	54			
m. Cases receiving home care	55			
9. Immunity service:				
a. Persons vaccinated against smallpox	56			
b. Persons vaccinated against diphtheria (complete)	57			
c. Persons vaccinated against typhoid (complete)	58			
d. Persons vaccinated against rabies (complete)	59			
e. Persons given Schick test	60			
f. Persons given Dick test	61			
III. CHILD HYGIENE				
1. Prenatal:				
a. New registrations	62			
b. Consultations	63			
c. Number supplied with full course of prenatal literature	64			
d. Number given instruction in group conference	65			
e. Home visits by nurse (ante or post partum)	66			
f. Examinations by physicians:				
(1) Family physician	67			
(2) Health unit physician	68			
2. Midwife control:				
a. Number under instruction (standard course)	69			
b. Number completing standard course	70			
c. Number prohibited from practice	71			
d. Supervisory conferences	72			
3. Infant and preschool children:				
a. New registrations	73			
b. Children examined by physician	74			
c. Consultations with parents	75			
d. Persons instructed in group conferences	76			
e. Home visits by nurse	77			
4. School children:				
a. Number children surveyed	78			
b. Number children inspected	79			
c. Number children examined	80			
d. Persons instructed in group conferences	81			
e. Number children with parents present at examination	82			
f. Consultations with parents	83			
g. Number schools visited	84			
h. Number of visits to schools	85			
i. Home visits by nurse	86			

PART I.—*General report*—Continued

	Item no.	Number during month		Number previously reported		Total to date	
III. CHILD HYGIENE—continued							
4. School children—Continued.							
j. Children excluded from school in interest of communicable disease control	87						
k. Number children awarded health project certificates	88						
5. Defects (preschool and school children):		Found	Corrected	Found	Corrected	Found	Corrected
a. Major:							
(1) Tonsil and adenoid (xx and over)	89						
(2) Dental (permanent teeth)	90						
a. Caries	91						
b. Sordes	92						
c. Infectious	93						
(3) Defective vision (requiring correction)	94						
(4) Defective hearing	95						
(5) Malaria (all forms including carriers)	96						
(6) Hookworm	97						
(7) Tuberculosis	98						
(8) Mental defectives	99						
(9) Nutritional defects (goiter, pellagra, rickets, obesity, undernourishment, etc.)	100						
(10) Cardiac	101						
(11) Other	102						
(12) Major defects	103						
(13) Number children defective	104						
b. Minor:							
(1) Dental (deciduous teeth)	105						
a. Caries	106						
b. Sordes	107						
c. Infectious	108						
(2) Tonsil and adenoid (x)	109						
(3) Skin disease (parasitic and infectious)	110						
(4) Vermin	111						
(5) Under or overweight (10 percent without organic disease)	112						
(6) Other	113						
c. Minor defects	114						
d. Number children defective	115						
IV. SANITATION							
1. Persons instructed in group conferences	116						
2. Complaints investigated	117						
3. Nuisances corrected	118						
4. Inspection service:							
a. Water supplies	119						
b. Excreta disposal	120						
c. Camp sites	121						
d. Common carriers	122						
e. Mosquito breeding places	123						
f. Others (list)	124						
	125						
	126						
	127						
5. *a.* Dairies, total (noncumulative)	128						
(1) Grade A	129						
(2) Grade B	130						
(3) Grade C	131						
(4) Grade D	132						
b. Percent market milk pasteurized	133						
c. Total dairy inspections	134						
d. Cows tuberculin tested	135						
(1) Percent dairy cows tuberculin tested	136						
(2) Number positive reactors	137						
(3) Number tuberculin reactors destroyed	138						
6. Excreta disposal:							
a. Approved pit privies installed (in accordance with U. S. Public Health Service standard)	139						
b. Other type approved units installed (includes septic tanks)	140						
c. Approved type of privies restored to sanitary conditions	141						
d. New sewer connections	142						
e. Homes made accessible to sewer by new system or extension	143						
f. Improvement to existing sewer plant (sanitarian hours or equivalent)	144						

PART I.—*General report*—Continued

	Item no.	Number during month	Number previously reported	Total to date
IV. SANITATION—continued				
7. Water supplies:				
a. Private wells or springs protected against pollution	145			
b. New connections to approved public water supply	146			
c. Maintenance service to public water supply (sanitarian hours or equivalent)	147			
d. Homes made accessible to water supply by new sytem or extension	148			
8. Mosquito control:				
a. Homes mosquito proofed	149			
b. Anopheline breeding places eliminated (each unit of 100 square feet or less to be considered a separate breeding place)	150			
c. Anopheline breeding places controlled (same unit as above)	151			
d. Artificial containers destroyed (estimated)	152			
9. School sanitation (noncumulative):				
a. Number white schools in jurisdiction	153			
b. Number colored schools in jurisdiction	154			
c. Number white schools with approved excreta disposal	155			
d. Number colored schools with approved excreta disposal	156			
e. Number white schools with approved water supply	157			
f. Number colored schools with approved water supply	158			
g. Number white schools with approved lavatory facilities	159			
h. Number colored schools with approved lavatory facilities	160			

Short narrative report of any special activities this month:

PART II.—*Supplemental report*

[To include also any items not listed in the general report]

	Item no.	Number during month		Number previously reported		Total to date	
		Positive	Negative	Positive	Negative	Positive	Negative
1. Laboratory examinations:							
a. Blood for agglutination:							
(1) Typhoid fever	161						
(2) Undulant fever	162						
(3) Typhus fever	163						
(4) Tularemia	164						
b. Blood for culture: Typhoid	165						
c. Blood for malaria	166						
d. Blood for syphilis	167						
e. Throat cultures for diphtheria	168						
f. Smears for gonococci	169						
g. Sputum for B. tuberculosis	170						
h. Stool and urine cultures for E. typhi	171						
i. Feces for parasites	172						
j. Water for E. coli	173						
k. Milk products for bacteria content	174						
	175						
	176						
	177						
	178						
Total	179						
2. Special examinations:							
a. For life extension	180						
b. For marriage license	181						
c. For lunacy	182						
d. Prisoners, etc	183						
3. Prosecutions:							
a. Cases filed	184						
b. Cases tried	185						
c. Convictions	186						
4. Physical examination for venereal disease	187						
5. Prophylactic treatments:							
a. Syphilis	188						
b. Gonorrhea	189						
c. Pellagra	190						
d. Goiter	191						

PART II.—*Supplemental report*—Continued

	Item no.	Number during month		Number previously reported		Total to date	
		Positive	Negative	Positive	Negative	Positive	Negative
6. Curative treatments:							
a. Hookworm	192						
b. Malaria	193						
c. Other	194						
7. Food sanitation:							
a. Statistical (noncumulative):							
(1) Number food handlers	195						
(2) Number food-handling places	196						
(3) Percentage of food-handling places complying with local ordinance	197						
b. Number health certificates issued	198						
c. Number health certificates denied or revoked	199						
d. Number health certificates expired	200						
e. Number food-handling places inspected	201						
f. Number persons examined for health certificates	202						

PART III.—*Descriptive data*

	Item no.						
1. Area covered	203						
2. Population (estimated for current year)	204						
a. White	205						
b. Colored	206						
c. Other	207						
3. Physicians in jurisdiction	208						
4. Number physicians reporting communicable diseases during period	209						
5. Midwives in jurisdiction	210						
6. Crude death rate for each of 5 preceding years	211						
		19--	19--	19--	19--	19--	Average
. Death rate for preceding 5 years for:							
a. Diphtheria	212						
b. Typhoid	213						
c. Infants under 1 year	214						
d. Children under 5 years	215						
e. Tuberculosis	216						
		Number during month		Number previously reported		Total to date	
8. Births during period	217						
9. Deaths during period	218						
		Within 5 miles	Outside 5 miles	Within 5 miles	Outside 5 miles	Within 5 miles	Outside 5 miles
10. Miles traveled on official duty by—							
a. Doctor	219						
b. Nurse	220						
c. Sanitarian	221						
d. Other	222						
11. Money spent during period	223						
12. Service values secured	224						
13. Production ratio (noncumulative)	225						

THE ORGANIZATION AND FUNCTIONS OF A COUNTY HEALTH UNIT

STATE HEALTH DEPARTMENT:

Division of county health work (general supervision and technical advisory service).

COUNTY HEALTH DEPARTMENT:

County board of health (determination of policies and promulgation of regulations).

County health officer (direction of executive staff).

Public-health nurses.
Sanitary inspectors.
Milk and food inspector.
Laboratory technician.
Clerk.

ACTIVITIES

1. Educational:
   - a. Health lectures.
   - b. Bulletins distributed.
   - c. Newspaper articles.
   - d. Letters.
   - e. Health exhibits.
2. Sanitary inspection:
   - a. Private premises.
   - b. Schools, stores, camps, etc.
3. Special inspections:
   - a. Dairies.
   - b. Other food handling places.
4. Examinations:
   - a. Life-extension advice.
   - b. Diagnostic clinics for mothers and infants.
   - c. Food handlers.
   - d. Diagnostic chest clinics for tuberculosis.
5. Communicable disease control:
   - a. Visits to cases.
   - b. Advice to mothers on preventive measures.
   - c. Isolation of cases and quarantine of contacts.
6. Immunizations:
   - a. Antityphoid vaccinations.
   - b. Smallpox vaccinations.
   - c. Diphtheria prevention (toxin-antitoxin and toxoid).
   - d. Schick tests.
7. Child hygiene:
   - a. Prenatal:
     1. Cases visited and advised.
     2. Office conferences.
     3. Group conferences.
     4. Midwives instructed.
   - b. Infant and preschool:
     1. Babies and children examined.

7. Child hygiene—Continued.
   - b. Infant and preschool—Contd.
     2. Advisory office consultation, mothers.
     3. Group conferences, mothers.
     4. Home visits.
   - c. School:
     1. Children examined.
     2. Home visits.
     3. Defects corrected.
     4. Health instruction to teachers.
     5. Nutritional classes.
8. Malaria control (in areas where applicable):
   - a. Elimination of breeding places of mosquitoes.
   - b. Advice on screening.
9. Excreta disposal:
   - a. Extension of sewer systems recommended.
   - b. Construction of sanitary outside toilets.
10. Water supplies:
    - a. Advice to rural residents on protection of water supplies.
    - b. Protection of roadside supplies.
11. Laboratory examinations:
    - a. Examinations for physicians, communicable diseases.
    - b. Examinations for release of cases and contacts.
    - c. Milk and water samples.
12. Records:
    - a. Vital statistics.
    - b. Records of activities.
13. Cooperation with other local official and voluntary organizations.

Counties in the United States provided with local health service under the direction of a whole-time health officer: 615 counties had whole-time health service on January 1, 1932. There are approximately 2,000 rural or partly rural counties yet to be provided with adequate local health service.

(This chart is on file with the committee.)

STATEMENT REGARDING SECS. 803 (A) AND (B) OF TITLE VIII

Section 803 (a) which makes $2,000,000 annually available to the Public Health Service has three main factors involved:

(1) The employment of personnel necessary to maintain supervision and guidance over the expenditure of funds annually allotted to the States in section 802, and in such manner to render assistance to them in the continuous and steady development of State and local health services.

(2) The employment of professional, technical, and other personnel necessary to conduct the investigational work of the Public Health Service.

(3) The extension and broadening of the investigative work of the Service in relation to investigations of disease, sanitation, and matters related thereto.

In connection with the administration of the funds provided for aid to States and research activities to be carried on by the Public Health Service it will be necessary to have additional medical and sanitary engineer officers. The number of officers already in the Public Health Service who have the required training in public-health work and research methods will be entirely inadequate to meet the immediate demand for personnel of this type. The Public Health Service therefore must plan to secure from outside sources the highly specialized, thoroughly trained medical and engineer officers of ability that will be needed. It will be impossible to attract this type of personnel to the Service unless they can be offered either larger salaries than they are now receiving or other inducements. The advantages of a career in the Public Health Service in a commissioned status, will, it is believed, attract, at much lower entrance salaries, many individuals who otherwise would not be interested. This would enable the Public Health Service at once to secure the desired personnel at much less cost to the Government—probably as much as one-third less. Officers commissioned in the Service now would not for several years receive salaries equaling those now being paid to individuals of comparable ability in many State and local health departments. The technical and clerical personnel added to the Service under the authority of this section would be from the civil service eligible lists.

The major portion of the investigative work arises from three general sources:

(1) From problems which are interstate in character and which are brought to the Service by State health officials, through the cooperative work of the Service with the States.

(2) From problems which arise within the Service as a result of the responsibilities placed upon it by law, as for example, the development of biologic standards in connection with the control of biologics.

(3) From problems which the trends of public health indicate will be of national or international importance in both the fields of environmental sanitation and the control of disease.

It is evident, therefore, that to a large extent this investigative work of the Public Health Service is noncompetitive with the research work of universities or States.

It should be clearly understood that the additional funds which are appropriated under this section do not mean so much the development of new fields of investigational work in the Public Health Service as they do to allow a more immediate and broader study in the fields of work which the Service is at present carrying on and where problems of the greatest national importance have had to be refused or delayed because of the lack of necessary funds.

It would seem a corollary that the full benefits of the funds allotted to the several States for the promotion of public health cannot be achieved if the public-health problems with which these States and local subdivisions have to deal are not studied coincidentally and the information given to the health authorities of the States.

The public-health problems which are in need of immediate investigation fall in every field of the public-health work of the service but they may be illustrated by presenting a few of the more important.

The Public Health Service has been engaged in the study of stream pollution and sewage disposal for the past 20 years. Practically the whole urban population of the great middle western and southern parts of the United States are dependent upon the rivers of this country for their drinking water supply, and in addition they have used these rivers for the disposal of their sewage. This increasing pollution, and in addition, the dumping of the industrial wastes into these steams have made it imperative for the Service to investigate the biological facts in connection with stream purification and the necessary control of the situation through adequate sewage and waste disposal. It may be safely said that the fundamental biological principles of sewage disposal are still unknown. The

Federal Government, States, and cities are contemplating the expenditure of billions of dollars for sewage-disposal plants, the principles of operation of which have not yet been determined.

In this same connection, during the drought several years ago, the States of West Virginia, Ohio, Kentucky, Indiana, and Illinois were afflicted by a serious epidemic of diarrhoea and dysentery which a cursory investigation made by the Public Health Service showed was probably of a toxic and not a bacteriological origin due to heavy pollution in streams abnormally low in water.

In addition, the city of Louisville and others were unable to obtain filtered water free of objectionable tastes and odors. It is a serious thing when the water supply of a great city becomes objectionable to its people.

Another problem of importance and one which demands immediate attention is that of mottled enamel, a disfiguring condition of the teeth caused probably by excessive amounts of fluorine in the water supply. This disease which causes a stain of the teeth from a light yellow to a dark brown and which lasts for life develops in children born in areas of the country where the amount of fluorine in the drinking water is excessive. The Public Health Service has in the past several years made a fairly complete investigation in the States and has found 275 areas in 23 States where the condition exists. One of the most extensive areas is in the panhandle district of Texas in which a large percent of the children are developing this condition. The population of this newly settled area has increased over 100 percent in the last 10 years so that the condition is becoming increasingly evident in the children who are beginning to develop their second teeth. The problem is not only one of public health importance but of the greatest economic importance for it may form a serious barrier to the further settlement of this rich area. A study of the permissible amounts of fluorine in drinking water and of a method to remove excessive amounts is most urgently needed.

Malaria is still one of the most serious problems of our Southern States and with the development of great hydroelectric programs by the Federal Government and States further knowledge of control methods is imperative. Here again, the disease is not only of public-health importance but also of economic importance for each year malaria puts the wage-earner out of the position as the supporter of his family and makes both him and his family dependent upon charity for their maintenance.

The extent to which malaria can and will be controlled depends almost entirely on the studies which the Service is making of different control measures under the different conditions found in the Southern States. The secret of the success of any control measure depends not only on its positive results but more so on the cost of the measure. If the cost is beyond the ability of the State or local government to meet, then malaria will continue to exist indefinitely.

It is toward the development of practical and economic control measures that the Public Health Service is working as rapidly as possible with its present limited funds.

There is probably no field of investigation where there is need for greater development than in industrial hygiene. Not only is every State affected but the great majority of the 45,000,000 persons in this country engaged in gainful occupations are directly or indirectly affected, as are their families.

The health hazards of industries are almost as diversified as are the number of different industries. Here again, the cost of investigations leading to the prevention of incapacitating industrial disease is extremely small compared to the economic values accruing to both industry and the industrial worker. With its limited funds the Public Health Service has contributed considerable aid in this special field. Acting as an impartial fact-finding body its investigations are accepted by the general public and by both labor and industry.

Its studies of the health hazards of the dusty trades, as far as time and funds have permitted, especially in the filed of silicosis, a disease which affects workers in many industries wherever silica is used in the idustrial process, serve as one of the principal guides for the control of the disease in this country.

Recently the study of anthraco-silicosis made in Pennsylvania at the request of the Governor of the State, the hard coal industry, and the United Mine Workers forms the first complete outline of facts in relation to the development of this disease and the necessary methods for its prevention.

Similar studies of other dusty trades have been urgently requested of the Service but have been deferred because of limited personnel and funds.

As far as it has been possible, the Public Health Service has attempted to meet the demands of State health authorities in the investigation of diseases which are interstate in character or which have appeared in epidemic form. The ulti-

mate control of all epidemic diseases, even the more common ones such as measles, diphtheria, and scarlet fever, can only come from continued epidemiological investigations of such diseases and by laboratory studies of the nature of the causative agent and the development of vaccines or serums for their prevention and cure.

In the past several years the Service has been called to help in study of the methods for the control of typhus fever, a disease which is endemic in most of our seaports but has also become epidemic in rural areas in the South, especially Georgia, Alabama, and Texas, and which has been increasing at a rate of almost 100 percent a year.

In 1933 the epidemic of encephalitis at St. Louis resulted in an excellent cooperative investigation under the general direction of the Service with the State, city, and the universities of the city of St. Louis. Besides the pertinent facts gained in the epidemiological survey of benefit to the entire world, the virus of this disease was for the first time successfully transferred to animals, offering thereby an opportunity for the continued study of the disease in nonepidemic times.

Psittacosis or parrots' disease, which caused a number of epidemics and deaths throughout the United States, has almost completely disappeared through studies and control methods put into force by the State of California and the Service.

The prevention of Rocky Mountain spotted fever through the use of a vaccine discovered and perfected by an officer of the Service and produced only in the Montana laboratory of the Service appears at the present time our only means of combating this disease and its high fatality rate in the West.

Epidemics of infantile paralysis which occur in some State or city almost annually have required Service cooperation since the preliminary investigation of 1910. From field and laboratory studies in regard to this disease has come a substantial knowledge upon which hope of control and prevention can be based.

The cooperation of the Service in these matters from a national standpoint has made it possible to avoid unnecessary restrictions in commerce and in the travel of people which otherwise would have occurred.

The expectancy of life in the United States has considerably increased in the past 20 years. From our own studies, those of the Metropolitan Life Insurance Co., and the Milbank Memorial Fund, it can be definitely stated that this is due to the saving of lives in the younger age groups and not to any increased expectancy from an adult viewpoint. As Miss Wiehl, of the Milbank Memorial Fund, says, "Mortality among infants, children, and young adults has declined strikingly, but among older adults death rates have actually increased during the past half century."

Such diseases as heart disease, which, according to Dr. Dublin, claim more victims than tuberculosis and cancer combined, diabetes, and cancer, are actually on the increase.

The Public Health Service has been able to contribute only a little to our knowledge of the causes and prevention of these diseases, due to the more immediate importance of other public health problems. Their importance, however, is recognized, and if the adult of today is to look forward to any increase in his expectancy of life, it will be through an attack on these conditions.

Venereal diseases form one of our major social problems in causing disability during the most active years of life, as well as contributing substantially to the death rate in the older-age periods.

The Public Health Service has attacked these problems, first, in aiding States in the development of venereal disease clinics for the treatment of those already infected, a measure which has been extensively tried out in England with an actual reduction in infected cases in the last few years; second, in cooperative studies with States and universities in studying the success of different forms of treatment in the cure of syphilis; third, the study of methods of making recently infected cases noninfectious in order to prevent the spread of the disease.

The continuance and expansion of such investigations form the only practical methods of bringing these diseases under control.

Again it has been physically impossible from the standpoint of personnel and expense to meet within a reasonable time the requests of State governments for studies of their State departments of health for the purpose of reorganization along effective lines and for assistance in developing logical and efficient ordinances in milk sanitation and control. The Federal Government's participation and leadership in this field depends entirely on its investigations of public health procedures and their effect in the reduction of disease. The investigation of such procedures requires the most careful and tedious study but their value to the States is that they form the basis of successful accomplishment in public health administration.

The few brief examples of the type of public health investigations which are carried on by the Public Health Service do not in any way cover the whole field of public health, nor do they give any evidence of the number of similar problems of equal importance which are before the Service. They do serve, however, to explain the interstate and national aspects of the investigational work of the Public Health Service which will be accomplished with the increased funds provided under this section.

There is appended herewith a brief history of the Division of Scientific Research of the Public Health Service, together with a statement of its major accomplishments since its inception in 1887.

ACHIEVEMENTS OF THE DIVISION OF SCIENTIFIC RESEARCH IN THE FIELDS OF MEDICAL AND PUBLIC HEALTH SCIENCES

It is not believed desirable to set down the many contributions of the Division of Scientific Research of the Public Health Service in the fields of medical and public health sciences. There are, therefore tabulated below only the outstanding achievements of the laboratories and field offices of the Division.

LABORATORIES

National Institute of Health:

Control of biological products for human use. Six official standards devised and promulgated as follows: Diphtheria antitoxin, scarlet fever streptococcus antotoxin, tetanus antitoxin, botulinus antitoxin, perfringens antitoxin, and gas gangrene antitoxin (Vibrion septique). In addition, preparation and distribution to commercial laboratories of technic for 12 official tests. Thirty-nine domestic and 10 foreign establishments holding licenses as of December 1934.

Prevalence and geographic distribution of hookworm disease in the United States. 1903. Stiles.

Rocky Mountain spotted fever. Identification of the carrier tick; Anderson, 1903. Zoological investigation into the cause, transmission and source; Stiles, 1905. Preparation of a prophylactic vaccine; Spencer, 1924. Identification of the disease in the eastern part of the United States; Badger, Dyer, and Rumreich, 1931 (Rocky Mountain spotted fever laboratory and National Institute of Health).

Anaphylaxis (simultaneously with R. Otto, Vienna); Rosenau and Anderson, 1906.

Origin and prevalence of typhoid fever in the District of Columbia. Facts developed in these investigations contributed largely to the 10 years' campaign for general sanitation waged by the Service and State health departments; Rosenau, Lumsden, Kastle, Goldberger, Stimson, Stiles, 1907–1910.

Milk and its relation to the public health; various workers, 1908.

Observations on administration of thyroid substance developed a biological method for standardization of thyroid hormone; Hunt and Seidell, 1909.

Fundamental investigations of oxidases; Kastle, 1909.

Chemical tests for blood; Kastle, 1909.

Studies of synthetic cholin derivatives opening up a wide field of physiological research; Hunt and Taveau, 1909–1910.

Tularaemia; plague-like organism identified; McCoy and Chapin, 1909. Etiology; Francis, 1919–21. Geographic distribution and viability of organism; Francis; subsequent to original studies.

Facts and problems of rabies; Stimson, 1910.

Infectious period of measles; Anderson and Goldberger, 1911.

Typhus; relation of Brill's disease to typhus; Anderson and Goldberger, 1912. Experimental transmission of endemic typhus by rat flea; Dyer, Ceder, Rumreich, and Badger, 1931.

Method of standardizing disinfectants; Anderson and McClintic, 1912.

Pellagra; Goldberger, Wheeler, Waring, and Willets, 1915.

Studies on reconstructed milk; Phelps, Stevenson, and Shoub, 1919.

Trinitrotoluene poisoning; Voegtlin, Hooper, Elvove, Livingston, and Johnson, 1920.

Studies of oxidation reduction phenomena with special reference to its biological significance; Clark, Elvove, Gibbs, Cohen, and Sullivan, 1920–27.

National Institute of Health—Continued.
- Development of a specific test for cysteine and its utilization in biological investigations; Sullivan, 1921–24.
- Amebiasis; 20,000 specimens from returned soldiers examined with negligible findings; Stiles, 1921. Chicago epidemic and uncovering of carrier problem; McCoy, 1934 (studies still under way).
- Studies on alum process for clarification of water leading to practical improvements; Miller, 1922–25.
- Identification of pellagra with blacktongue of dogs; Wheeler, Goldberger, and Blackstock, 1922. Experimental Blacktongue; Goldberger and Wheeler, 1928.
- Pollution of underground water; Stiles and Crohurst, 1923.
- Botulism; studies of causative organisms; Bengtson, 1924.
- Relation of contagious abortion of cattle to undulant fever of man; Evans, 1923.
- A new vitamin, B_2, found in brewers' yeast; Smith and Hendrick, 1926.
- Tetraethyl lead in gasoline; Leake et al., 1926.
- Encephalitis; etiology of epidemic encephalitis; Evans and Freeman, 1926.
- Postvaccinal; Armstrong, 1929. Isolation of a new virus; Armstrong and Wooley, 1934.
- Tetanus following vaccination, avoidance of shields; Armstrong, 1927.
- Funadmental studies of the sugars including development of improved methods of preparing various sugars for use in bacteriology; Hudson, Jackson, Hann, Hockett, Merrill, and Montgomery, 1928 (and still under way).
- Infective agent of psittacosis; Armstrong, McCoy, and Branham, 1930.
- Use of convalescent blood for treatment proposed; Stimson, 1930.
- Identification of adulterant causing "ginger jake" paralysis; Smith, Elvove, 1930.
- Prevention of fatal bichloride posioning by use of formaldehyde sulphoxylate; Rosenthal, 1933–34.

Stream pollution investigations:
- Studies on the treatment and disposal of industrial wastes.
  - Treatment and disposal of straw board wastes.
  - Purification of tannery wastes.
  - Purification of tomato canning wastes.
- Studies of the pollution and natural purification of streams.
  - Plankton and related organisms.
  - Factors in the phenomena of oxidation and reaeration.
  - The oxygen demand of polluted waters.
- Studies of the efficiency of water purification processes.
- Studies of the pollution and natural purification of the Ohio River, Illinois River, and Mississippi River.
- Laboratory and experimental studies of water purification.
  - Hydrogen ion concentrations in relation to the formation of floc in alum solutions.
  - The ortho-tolidine reagent for free cholrine in water.
  - Effects of modifications in coagulation-sedimentation on the bacterial efficiency of preliminary water treatment in connection with rapid-sand filtration.
  - Prechlorination in relation to the efficiency of water filtration processes.
  - Influence of the plankton on the biochemical oxidation of organic matter.
  - Rate of disappearance of oxygen in sludge.
  - Dissolved oxygen in the presence of organic matter, hypochlorites and sulphite wastes.
  - Nitrification of sewage mixtures.
- Treatment and disposal of sewage.
  - Studies of the excess oxygen method for the determination of biochemical oxygen demand of sewage and industrial wastes.
  - Studies of the biological processes in activated sludge.

Cancer laboratory:
- Studies of the biological action of X-rays and electromagnetic radiation.
- Cytological studies in relation to the growth of normal and malignant tissue.
- Studies of the carcinogenic substances in the genesis of tumors.
- Studies of the resistance and susceptibility of malignant growths.
- Studies of the effect of certain bacterial products on malignant growths.

FIELD INVESTIGATIONS

Milk investigations:
- Development of the Public Health Service Milk Sanitation Code (now adopted by over 600 municipalities).
- Studies of the processes for pasteurization of milk supplies which lead to the development of design and operation specifications for pasteurization machinery.

Studies of public health methods:
- Determination of the effectiveness and economy of public-health practices.

Statistical investigations:
- Studies of the principal causes of illness and the elements of population most seriously affected.
- Studies of the common cold and related respiratory diseases in inter-epidemic periods.

Child hygiene investigations:
- Studies in relation to the growth and development of children.

Industrial hygiene investigations:
- Development of survey methods for the determination of industrial hazards.
- Studies of the health of workers in dusty trades.
- Studies of specific industrial poisons:
  - Carbon monoxide.
  - Lead.
  - Radium (painting watch and clock dials).
  - Benzol.
  - Methyl and ethyl bromide.
  - Methyl and ethyl chloride.
  - Ethyl benzene.
  - Ethylene oxide.
- Ventilation studies:
  - Efficiency of ventilating devices as found in actual practice.
- Studies of industrial dermatitis.
- Studies of abnormal temperature and humidity.
- Studies of illumination:
  - Effects of certain sizes of windows, and ceiling heights on the distribution of natural illumination.

Malaria investigations:
- Determination that *A. quadrimaculatus* is the principal vector of malaria in the United States.
- Studies of malaria control through (1) drugs, (2) screening, (3) drainage, (4) larvicides, and (5) biological methods.
- Studies of laboratory propagation of mosquitoes and malaria therapy of syphilis of the central nervous system.
- Studies of convection of mosquitoes in airplanes to the United States from other countries.

Heart disease:
- Production of rheumatic heart disease in animals by means of scurvy diet and injection of streptococcus toxin.

Nutrition:
- Studies of fluorides in relation to mottled enamel in children.
- Study and determination of the pellagra-preventive foods.

Leprosy investigations:
- Epidemiological considerations in the study of leprosy.
- Determination of the probable mode of infection in rat leprosy.
- Studies of the relationship of rat and human leprosy to the diet.

APPENDIX B. SAMPLES FROM SEVERAL HUNDRED LETTERS RECEIVED FROM STATE AND OTHER PUBLIC HEALTH OFFICIALS

THE NORTHWESTERN MUTUAL LIFE INSURANCE CO. OF MILWAUKEE, WIS.

Ed N. Caldwell, general agent, Southern Kentucky Agency, Northwestern Building

GLASGOW, KY., *December 18, 1934.*

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. MORGENTHAU: As a layman member of the Barren County health department, I am fully aware of existing health conditions throughout the county. The personnel, through which these activities have been directed, for several years, has been reduced by reason of smaller local budgets, and a number of cases have been entirely discontinued. Had it not been for Federal funds it would have been impossible to keep up even the skeleton organization that now exists. There does not seem to be any cure for existing conditions, unless it be through Federal support of public-health work.

I am therefore addressing you, as Secretary of the Treasury, and a member of the President's Committee on Economic Safety, to ask that you do all in your power, to see that sufficient funds be allocated to the Public Health Service and to the Children's Bureau to provide the necessary leadership, in conserving the health of the Nation.

Very truly yours,

(Signed) ED N. CALDWELL.

ENC/GP

CHARLESTON, W. VA., *December 4, 1934.*

Hon. FRANKLIN D. ROOSEVELT,
Warm Springs:

West Virginia urgently needs continued Federal aid in support of State and local health services to maintain present public-health standards. Impossible for counties this State to finance local health service to extent needed to protect the public health. Special legislation providing for Federal aid on more or less permanent basis is essential if marked increase in communicable disease death rates is prevented. We urge that such legislation be recommended the next Congress.

Dr. ARTHUR E. MCCLUE
State Health Officer.

DECEMBER 12, 1932.

President FRANKLIN D. ROOSEVELT,
White House, Washington, D. C.

MY DEAR PRESIDENT ROOSEVELT: My good friend, Dr. E. L. Bishop, who is, at the present time, president of the American Public Health Association, has called my attention to the fact that in many communities and even in the Federal departments there seems to be a growing tendency to cut down on the budgets, which in the past have been used for the conducting of health services.

As president of the largest purely professional college for the training of Negro youth in the world, and as a former public-health officer in practical public-health work in Pennsylvania, and as a member of the American Public Health Association, I desire to join with my friend, Dr. E. L. Bishop, in urging the importance of increasing the budgets for the conducting of health service, both in the Federal Government and in the State government.

Please accept again our thanks for your coming to Nashville. You gave us all a genuine pleasure.

Also accept my hearty good wishes for a very happy Christmas for you, I am

Respectfully yours,

JOHN J. MULLOWNEY, *President of College.*

TENNESSEE TUBERCULOSIS ASSOCIATION, INC.,
TIPTONVILLE, TENN., *December 26, 1934.*

PRESIDENT FRANKLIN D. ROOSEVELT,
White House, Washington, D. C.

DEAR PRESIDENT: We are informed by our National Tuberculosis Association that an effort is being made to have the Federal Government appropriate $10,000,000 to be used for local health departments under State leadership and guidance, and as chairman of the tuberculosis committee of Lake County, Tenn., will say that this Federal aid is very much needed and desired in this county.

Am sure I speak the sentiment of all the people of this county who are interested in relieving the suffering of these unfortunate victims.

Trusting that this Federal aid will be made possible, as our county health department has been seriously crippled by reduction in appropriation from our county court, I am,

Sincerely yours,

MRS. J. W. HALL,
Chairman Tuberculosis Committee, Lake County, Tenn.

PICKENS COUNTY HEALTH UNIT,
Pickens, S. C., December 15, 1934.

MR. HENRY MORGENTHAU, JR.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: I am writing you in regards to the health in this section in which I work.

I am the health officer of Pickens County, S. C. This county has 576 square miles of mountain country, and does not have many good roads. We have a population of about 34,000 people, which are of a poor tenant farming class of whites and Negroes, and a good many of the poor mill class, who do not know how to take care of themselves, and have never had any health work done among them before 3 years ago. We have more than 10,000 children of school age.

Typhoid fever, tuberculosis, pellagra, hookworm, and diphtheria prevail in this county most of the time, and we have in the health office only the health officer and a clerk to look after these conditions.

I understand that there is some chance that the health appropriation is to be cut this time, and I am writing to beg that you do all in your power to get as large an appropriation as you can to carry on this work, which is so important to our people.

Knowing that you will do all that you can, I remain

Yours truly,

WM. B. FURMAN, M. D.,
Health Officer for Pickens County.

SEATTLE COUNCIL OF PARENT-TEACHER ASSOCIATIONS,
Seattle, Wash., January 14, 1935.

HENRY MORGENTHAU,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: For many years the United States Public Health Service has carried on a valuable work in the stimulation and promotion of local public health activities through leadership and limited financial aid in the development and maintenance of full-time local health departments.

Through efforts of the Public Health Service, many States have been enabled to provide a large portion of their respective populations with efficient local health departments which would, otherwise, not have been organized. These local health departments have been of inestimable value in elevating the standard of the health of the communities, the States, and the Nation as a whole.

Within past years the leadership of the Public Health Service has lagged, due to the lack of necessary appropriations. This, coupled with the meagerness of State and local resources, has resulted in a woeful letdown in public health work in many sections of the Nation.

As the Seattle Council of Parent-Teacher Associations, representing a membership of more than 10,000, we sincerely urge that the United States Public Health Service by adequate appropriations and authority be given the opportunity of continuing this much needed and invaluable service. The leadership of the Federal Government, through the United States Public Health Service, is im-

perative if the various States are to expand and develop their State and local public health activities.

Respectfully,

ETHEL T. WILLIAMS,
Corresponding Secretary.

DIVISION OF HEALTH,
Newport News, Va., December 13, 1934.

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: I am writing you to emphasize the importance of the public health work in this section. Last year under the relief program some work on mosquito control was carried out under the advisory supervision of Major Norton of the United States Public Health Service. This was very valuable to us and we hope that we may receive assistance again this year.

I think that work in public health is of untold value and should be considered first in relief programs. This applies to all sections and is especially true in seaport towns. Projects which would be valuable here are mosquito control, a rodent parasite survey, venereal-disease survey, and milk-producers survey. I think that assistance to regular employed health workers by trained Public Health Service men means a great deal as it gives the local men the benefit of a much wider experience and aids them in doing better work in the future.

I hope that you will be able to continue the public health program and enlarge it to the extent of aiding communities.

Yours very truly,

G. COLBERT TYLER, M. D.
Health Officer.

TREASURY DEPARTMENT,
Austin, Tex., December 12, 1934.

Hon. HENRY MORGENTHAU,
Washington, D. C.

Local health service most neglected health need in Texas today. Funds available cannot possibly meet demand constantly being made. State as a whole is in dire need of this particular service. May we have your cooperation in providing a liberal appropriation for cooperative aid in the development and maintenance of county health work. Biennial budget fifty thousand per year for county health units is the goal set by John W. Brown, State health officer of Texas. May we urge provisions for at least like amount from Federal sources.

MRS. A. F. WOOD,
President Texas Congress of Parents and Teachers.

THE GEORGE F. GEISINGER MEMORIAL HOSPITAL,
Danville, Pa., December 17, 1934.

Hon. HENRY MORGENTHAU, JR.,
Secretary of the Treasury, Committee of Economic Security,
Washington, D. C.

DEAR SIR: In the deliberations of your committee on the subject of the best means of improving sickness service to all of our people, the organized medical profession of Montour County in Pennsylvania respectfully hopes that your committee will bear in mind that we are not opposed to changes in the forms of medical service which are "for the better", but are rather in favor of such changes. We are, however, opposed to the hurried application of types of insured sickness service that have not proved satisfactory elsewhere, and will not provide for sickness prevention and the relief of suffering which is inferior to the best of our present-day standards.

Please be assured that the members of our county medical society are studying and experimenting and considering various types of service, and we will feel sure that an adequate and satisfactory plan can be worked out. Please be assured also of our great interest in this subject and our hearty willingness to cooperate.

Sincerely yours,

SYDNEY HAWLEY,
Secretary Montour County Medical Society.

CLEVELAND CHILD HEALTH ASSOCIATION,
1900 Euclid Avenue, December 20, 1934.

The HONORABLE HENRY MORGENTHAU, JR.,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: Allow me to call your attention to the imminent breakdown in many of our local health units. This is particularly serious in the child health field, which has been cultivated so laboriously during the last three decades. In Cleveland there has been a constant struggle to maintain minimum standards for the health and well-being of our children. I believe there has been a sagging in the nutritional status of children both in relief families and others on low economics levels.

I therefore, respectfully urge that in your consideration for national security the Federal Government give financial support and encouragement to the local health units, especially those divisions in the fields of child health and prevention of tuberculosis. Such help is needed urgently to preserve the essential health machinery and to promote the well-being of our children. To this end I am certain that a judicious distribution of Federal funds through the United States Public Health Service and the United States Children's Bureau will strengthen greatly the entire health and welfare structure of the Nation.

Very truly yours,

RICHARD A. BOLT, M. D., *Director.*

FARGO SENIOR HIGH SCHOOL,
Fargo, N. Dak., December 11, 1934.

Hon. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: As one greatly interested in the public health of our people I am addressing you in behalf of the great number of our citizens who, because of the economic maladjustments which have prevailed over a period of years, are urgently in need of physical rehabilitation. Your keen sense of human needs and your desire for social improvement are shared by all my associates in the organization. I have the honor to represent, namely, the North Dakota State division of the American Association of University Women. We desire to pledge our support to your efforts in behalf of the physically unfortunate members of our Nation in these days of pecuniary distress and impoverishment.

It is our hope that in your capacity as Secretary of the Treasury you will, together with your honorable colleagues, recommend to our honored President that larger appropriations be made under the National Recovery Administration in support of public health and as a further insurance against health calamities among our people.

Because of crop failures due to adverse weather conditions in North Dakota during 1934 we are badly in need of financial support to avert an acute health problem among our citizens and we pray that our neighbors' distress will not go unheeded by a wise and magnanimous Government.

I feel certain you will agree with me that the physical stamina of our Nation, with its moral implications, is of paramount consideration in our national recovery program.

Very sincerely yours,

(Mrs. B. C.) JENNIE H. TIGHE,
President of the North Dakota State Division of the American Association of University Women.

CHARLOTTE, N. C., *December 13, 1934.*

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: We want to make an appeal through your Department for aid in public health work.

I am sure you realize that all public health work has been curtailed during these depression years and it is going to be hard to get it back to normal.

In our own county we have had to dispense with the services of our maternity and infancy nurse and also our negro school nurse.

Both of these departments are vitally important but we have no funds with which to employ them.

We believe that the health of the people should be one of the first considerations of our Federal Government, for without health the majority of the Nation cannot be self-supporting and would of necessity be a burden to the county, State, and Nation.

Trusting that you will lend your influence in seeing that public health gets its share of funds to carry on the good work, I am,

Respectfully yours,

E. H. HAND, M. D.,
County Health Officer.

TUBERCULOSIS AND HEALTH ASSOCIATION,
OF ROCHESTER AND MONROE COUNTY, INC.,
Rochester, N. Y., December 21, 1934.

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: At a meeting of the board of directors of the Tuberculosis and Health Association held on December 19, the following resolution was unanimously adopted:

"Whereas provision for adequate payment for medical care of the indigent sick and for essential health services has not yet received adequate attention in the national recovery program, and

"Whereas a committee on economic security has recently been appointed, which committee should give attention to the need for Federal aid for State and municipal services of recognized worth, and

"Whereas sickness needs must be met and the hazards of preventable disease reduced insofar as possible. Be it

"*Resolved*, That the Tuberculosis and Health Association of Rochester and Monroe County, Inc., in meeting assembled on December 19, 1934, holds firmly to the conviction that medical needs should be considered as a factor in indigency, that medical service should be adequately paid for as future necessity will demand an increased appropriation in public-health services including those for the conduct of the health services of the Federal Government, particularly the United States Public Health Service and the Children's Bureau; and be it further

"*Resolved*, That copies of the resolution be sent to Miss Frances Perkins, Secretary of Labor, as chairman of the committee on economic security and to Mr. Henry Morgenthau, Jr., Secretary of the Treasury."

Very truly yours,

RAYMOND H. GREENMAN,
Executive Secretary, Tuberculosis and Health Association.

EDDY COUNTY HEALTH DEPARTMENT,
Carlsbad, N. Mex., December 26, 1934.

Mr. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: I wish to express my appreciation for the recent allotment made from Federal relief funds by the United States Public Health Service to aid rural-health work which gave this county a much-needed increase in personnel, a full-time sanitary inspector.

I feel quite sure if all rural people could be furnished adequate public-health protection, it would save a great national waste from preventable disease. I shall be pleased to hear of more aid granted and an increase of counties furnished full-time health service.

One great need in this State is isolation camps for indigent tuberculosis cases who come here from practically every State in the Union. Many of them have no means of support. They have in the past expected to get light work and let the climate cure them. Now, since there is so much unemployment, these transient cases expect relief organizations to care for them. I have suggested that the C. C. C. camps in this State, as they are abandoned, be converted into tuberculosis camps. The question of supervision and maintenance would have to be considered. I think this would be a great aid for our State in the control of tuberculosis.

I shall be pleased to have this matter presented to your Committee on Economic Security.

Yours very truly,

O. E. PUCKETT, M. D.,
Eddy County Health Officer.

NEW JERSEY HEALTH AND SANITARY ASSOCIATION, INC.,
December 27, 1934.

Hon. HENRY MORGENTHAU, JR.,
Treasurer of the United States, Washington, D. C.

DEAR SIR: This association, made up of persons interested in public health activities, has instructed its officers to communicate with you, pointing out that in many communities throughout the country there has been a marked reduction in appropriations for the use of public-health departments without a corresponding reduction in the need for the work carried on by such agencies.

It is our understanding that a small allotment of money has recently been made from Federal relief funds through the United States Public Health Service to aid health departments in certain States and communities applying for such assistance.

In order that sufficient funds may be available to meet requirements of this character, this association urges that consideration be given alloting additional money to the United States Public Health Service for this purpose as part of the program of economy security.

Very truly yours,

NEW JERSEY HEALTH AND SANITARY ASSOCIATION,
I. W. KNIGHT, M. D., *President.*
EDWARD GUION, M. D., *Secretary.*
WM. H. MACDONALD, *Chairman Executive Council.*

STATE OF MONTANA, STATE BOARD OF HEALTH,
Helena, Mont., December 6, 1934.

Mr. HENRY MORGENTHAU,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: On account of appropriations made by Congress to the United States Public Health Service a few years ago, we were able, with the aid of this Service, to establish four full-time health units in Montana. We have been able to hold them during the depression but we need more for a well-rounded public-health program for this State. I hope that you will use your influence with Congress to have an adequate appropriation made for aid to the States in establishing such units. If the State Board of Health of Montana can help you in any way, we will be glad to do so.

Yours very truly,

W. F. COGSWELL, *Secretary.*

COLUMBIA, MO., *December 12, 1935.*

Hon. FRANKLIN D. ROOSEVELT,
Washington, D. C.

MY DEAR MR. PRESIDENT: I have been very much impressed with the need of increasing effort to curtain preventable diseases. I have no doubt that many figures bearing on this subject have been presented to you. As editor of the American Journal of Public Health, I have an extensive correspondence throughout the country, and am in quite close touch with health matters in every State. In consequence of this, I feel that I can speak with a certain amount of authority in pointing out the need for greater security than now exists.

My feeling is that the Federal Government should give financial aid as well as leadership in the development and support of local health work. In December 1933, I published in the American Journal of Public Health an editorial called "The Depression and Health Appropriations", based on the report of one of our committees made by Mr. Louis I. Dublin, of the Metropolitan. The figures given in that editorial are still substantially correct, except that in a few instances I believe that conditions are worse than they were at that particular time.

May I not enlist your powerful interest in a movement which all health workers find to be of the utmost importance?

With much respect, I am

Very sincerely yours,

MASICK P. RAVENAL, M. D.

MISSISSIPPI STATE BOARD OF HEALTH,
Jackson, Miss., December 8, 1934.

Hon. HENRY MORGENTHAU, JR.
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: The enclosed sheet shows you that during 1933, 4,004 deaths occurred in Mississippi without any medical attention whatsoever. This is 18.5 percent of the total number of deaths occurring in 1933. In this number are not included sudden deaths, when there was not time to summon medical aid. The percentages for the months so far in 1934 are running high, also.

There is urgent need for Federal aid and leadership in the development and support of local county health work in this and other States. In spite of our best efforts for the past 20 years in Mississippi, only 25 of our 82 counties have full-time health programs; several of these are on a shoestring financially, with personnel entirely inadequate to meet the needs.

By all means, we should have every one of our 82 counties organized. This would prevent a great deal of suffering and many deaths which we are now having as a result of our inability to meet the situation. Until the Federal Government realizes the importance of assisting in the conservation of health, the economic value of which is greater than of any other thing, this tragic and disgraceful condition will continue to exist.

The Government should feel at least as much interest in fostering and promoting the public-health program as it does the educational, agriculture, highway, forestry, and other programs.

Only recently there were found in a few range cattle in south Mississippi a few screw worms. Overnight a meeting was called and within a short while Federal funds were secured to avert this threatened danger to livestock. I have no criticism to make of this handling of a real problem in its incipiency; it was the proper thing to do. But I do make the statement that our high maternal and infant death rates; intestinal parasites, especially hookworms, in the central and southern part of the State; children choking to death with diphtheria by the scores every year seem never to excite the appropriating bodies to action.

The Federal Government has done nothing about these things—they have been viewed with a spirit of resignation which should be tolerated no longer. At the same time billions have been appropriated for dealing with diseases in cattle, plants, and the like. One would think that health and human life in the United States have no economic and social value. Until a few months ago, the United States Congress provided only $25,000 for the promotion and guidance of rural-health work in the United States and its possessions; certainly 15 or 20 million dollars should be available; it is urgently needed.

I feel that you are interested in this problem. It will be appreciated if you will see that the views I have expressed in this letter are brought to the attention of others who are interested and who may be instrumental in seeing that an adequate appropriation for public-health work may be included in legislation now being formulated for presentation to Congress.

Very truly yours,

FELIX J. UNDERWOOD.

Mississippi

	Total number of deaths	Deaths without medical attention	
		Number	Percent of all
1932			
December	2,069	493	23.8
1933			
January	1,905	404	21.2
February	1,609	309	19.2
March	1,925	389	20.2
April	1,679	290	17.3
May	1,588	311	19.6
June	1,911	310	16.2
July	1,824	320	17.5
August	1,706	313	18.3
September	1,837	356	19.4
October	2,008	365	18.1
November	1,814	303	16.7
December	1,811	334	18.4
Total for 1933	21,617	4,004	18.5
1934			
January	1,681	321	19.1
February	1,740	293	16.8
March	1,875	301	16.1
April	1,675	278	16.6
May	1,708	216	12.6
June	1,822	266	14.6
July	1,767	254	14.4
August	1,640	246	15.0

WESTON & SAMPSON,
Boston, Mass., December 13, 1934.

Hon. HENRY MORGENTHAU, Jr.,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: We are learning from several directions that the State and local health departments have had their budgets cut drastically and in some cases have suffered a virtual collapse of service. I, therefore, respectfully call to your attention the necessity of devising some way of maintaining this official health service that the hazards of preventable disease may be kept at the minimum during the period through which we are passing.

It seems to me to be of more importance to maintain these services and through them the health of suffering people than to do some of the emergency work which is admittedly of doubtful utility and practiced instead of the dole in order to maintain the morale of those helped.

Yours very truly,

ROBERT SPURR WESTON.

WEXFORD COUNTY HEALTH UNIT,
Cadillac, Mich., December 15, 1934.

Hon. HENRY MORGENTHAU, JR.,
Secretary of Treasury, Washington, D. C.

DEAR SIR: I have wondered many times if it were possible to contact anyone in Washington who is connected in any way with the United States Public Health Service so as to give them a picture of the struggles of a county health unit such as ours. I am very positive that unless something is done right away along the line of previous Federal subsidy that the county health unit system will soon pass out of existence.

Here is our history in a few words. We came into existence in October 1928. Started with the following budget: Board of supervisors appropriation $8,000, Rockefeller Foundation $2,500, United States Public Health Service $1,000, and local public health society $1,800. Since the above, as you well know, the Rockefeller subsidy decreased yearly for 4 years and ceased entirely. The United States Public Health Service was cut to $500 and then was discontinued altogether June 30, 1933.

Our local board of supervisors cut our appropriation yearly until at its last October session we were reduced to $3,000. And this in the face of a popular vote by the people last September 11 in which we won after the definite statement carried in our advertising in the campaign stating we needed $5,000. We cut our staff and salaries to try and function on the $5,000 county budget, but with the $3,000 it is simply impossible. There is a limit to the extent to which our local health services have been curtailed through budgetary cuts.

We cannot hope for any relief from our local government. Hence the appeal for Federal aid and leadership before it is too late. Once our local set-up disbands—records broken, destroyed, or packed away—and we revert to the old part-time layman health officer with his placards and tack hammer and nothing in the way of a public health program, it will be next to impossible to get back to the county health unit system again.

Thanking you in advance for your personal interest in the matter, I would also be pleased to have you pass this letter along to anyone in line of having any favorable influence in seeing that proper public health service is maintained.

Very truly yours,

S. C. MOORE, M. D.,
Health Commissioner.

CATAHOULA PARISH HEALTH UNIT,
Harrisonburg, La., December 20, 1934.

Mr. HENRY MORGENTHAU, JR.,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. MORGENTHAU: I wish to bring to your attention certain facts regarding county health unit service which I think are worthy of your consideration. I shall limit myself to the consideration of the public health unit services in Louisiana as I am not familiar with those of other States.

1. Our funds for the Catahoula Parish Health Unit are derived from an appropriation by the State and an appropriation from the school board and police jury of this parish. The result of this system of obtaining funds is to make us a

football to be kicked in whatever direction it may suit the local politicians. We are not only dependent upon their goodwill for an appropriation, but it is positively true that we are compelled at times to yield in important matters to their judgment and occasionally are compelled to adopt measures against our better judgment in order to secure their support. Moreover, it occasionally happens that the interference on the part of the local people materially handicaps the conduct of our personnel to such an extent as to jeopardize the service in its entirety.

2. So far as the State appropriation goes exactly the same conditions obtain except that as a rule a more broad-minded view is usually taken by the State legislative body.

3. Without powerful political interference our appropriations are of necessity doubtful, and with a somewhat increased sum of money at our command we could accomplish a great deal more in the field of disease prevention.

4. I think it can be stated as a fact that the necessity for public health service is in inverse ratio to the financial welfare of the public, so that in times of financial depression our services are more urgently needed than during times of plenty. An adequate control system for malaria alone, in this parish, would result in the saving of ten times the entire cost of our operations. It is actually true, to the best of my knowledge and belief, that hardly a single family in the entire parish escaped at least one attack of malaria during the past season, and in a large portion of families repeated and severe attacks occurred.

5. It is my earnest recommendation that you should give this matter of extension of the public health service and above all, nationalizing the public health unit service, so as to make us independent of the whims of local politicians, your more earnest consideration.

Yours truly,

L. C. SPENCER, M. D.,
Director of Health Unit.

KNOX COUNTY HEALTH DEPARTMENT,
Barbourville, Ky., December 7, 1934.

The Honorable HENRY MORGENTHAU, JR.
Secretary of the Treasury, Washington, D. C.

DEAR SIR: I have the honor of being spokesman to you, in behalf of the health department of a county in the Commonwealth of Kentucky. The ultimate head of the United States Public Health Service, a bureau in your Department, you are in a strategic but difficult position of responsibility in respect to the passage of legislation which affects the public health of the entire Nation.

It is the announced intention of President Roosevelt to present to Congress this session a program of economic security. Further than this, the Public Health Service will also present budgetary and perhaps extraordinary items for passage or consideration. Your opinions in behalf of these subjects will naturally carry tremendous weight, and we workers on the "firing line" of health work are indeed anxious to enlist you as a sympathetic champion of our cause.

We realize that human needs which are daily problems and quite obvious to us may perhaps be a little remote to one whose days are filled with multitudinous details of public office so important as your own, and it is hoped that a few words relative to the conditions we are attempting to meet will win your sympathy toward our cause and perhaps clarify your thoughts on a point or two.

Federal aid for health work has been a lifesaver for health departments in the past and has become a necessity now under stress of the depression and the tendency of governments toward regimentation and equalization of opportunity. Public health organizations justify their existence by the fact that preventive health measures must be dealt with as a mass problem which can never be solved through single dealings with individuals. No program of social security will ever be devised in a workable form without the inclusion of some provision for the prevention of and control of disease.

Health-control measures administered by trained personnel is more efficient and cheaper than if left to sporadic efforts of organizations formed for meeting a single, pressing problem. Long-time planning, competent analysis of conditions, proper equalization of effort, and the coordination of functions will win out every time over haphazard forces left to seek their natural equilibrium.

Such service will always cost from 100 to 1,000 percent less, dollar for dollar, than unorganized and frequently unintelligent efforts.

Federal subsidy is necessary because past experience has proved that the public generally is unable to grasp the pressing need for control measures. Prevention of disease—and long-time planning—is so intangible that it is lost sight of in the press of what are apparently more acute problems. When a county becomes impoverished, the first item to be attacked on the tax rolls is the expense of the health department. It takes years to complete a satisfactory demonstration of the ability of a trained health unit to reduce the death and sickness rate; and shifting populations and self-seeking political groups are prone to be impatient with the snail's pace of progress. The poorer the county, the more they need their health department, and the less willing they are to appropriate for it, and naturally, the less able to do so.

This situation calls for an equalization factor such as a State tax which will collect funds from the points of greatest profit accumulation and redistribute them to the drained or pauperized areas. If such a situation exists within a State, it also exists within the Union; and in fact, we find certain (usually agricultural) States hard pressed to raise funds for health work, which are in dire need of such services. The Public Health Service has recognized this principle for years, and has contributed wisely even if meagerly to the upbuilding of permanent health agencies in many States. Funds from this Federal source have saved many a tottering unit until local support could be rallied; these funds have established demonstration units in many counties which are now standing on their own feet after having proved their value; and Federal funds have salvaged many units and preserved the gains made through perhaps 20 years of effort, which were in danger of being swept away in a single year of depression.

Knox County, Ky., of which I am health officer, has a population of 28,000. Lumber, mineral supplies, and oil are completely depleted, and it is one of the so-called "pauper" mountain counties of the State. Our people are 60 percent "on the relief." Pellagra, tuberculosis, hookworm, rachitis, venereal disease, contagious disease, and dire poverty stalk among us, with no hope of relief. The State health department is already taxed beyond its strength. The State and Public Health Service are carrying over 80 percent of our budget. Our eyes are on Washington, and our hopes are centering on President Roosevelt and those of you who are helping in his social security program. Health work, to reiterate, is a mass problem, and the Federal Government must be the equalization factor. Our services are sorely needed by the people, and to exist, we need funds from outside sources.

Respectfully,

CHARLES W. FOLSOM, M. D.,
Health Officer, Knox County.

STATE OF KANSAS,
DEPARTMENT OF THE STATE BOARD OF HEALTH,
Topeka, Kans., December 7, 1934.

HON. HENRY MORGENTHAU,
Secretary of the Treasury, Washington, D. C.

DEAR SIR: We have recently been advised by the Public Health Service that a limited amount of money is available for use in the development of full-time county health departments. Public health service funds; therefore, have just recently been included for the three full-time counties operating in this State.

Efficient local health service, as you know, may be developed and carried forth successfully only through having trained, full-time health officers. There are many advantages to full-time health departments in that they are concerned with all of the factors relating to the betterment of public health. Therefore, full-time health departments are active in communicable-disease control, milk control, food and drug sanitation, infant and maternal hygiene, and all other factors relating to the protection of the public health.

Appropriations for the health department, including the development of full-time county health departments, have been materially reduced in Kansas, as in other States. At the present time, as previously stated, only 3 counties are operating full-time health departments, as compared with 12 full-time county health departments 4 years ago.

It is our opinion that leadership in the development and support of local health work should arise within the Federal Government and, consequently, aid should be supplied from this source. Even though a limited amount of funds may be available for the development of the full-time county health departments, it is

an inducement to county officials charged with carrying on the duties of county governments.

I would, therefore, respectfully request that you actively support such program as calls for the further development of full-time county health departments, including Federal appropriations for same.

Very respectfully,

EARLE G. BROWN, M. D.,
Secretary and Executive Officer.

DUBUQUE CLINIC,
Dubuque, Iowa, December 12, 1934.

Miss JOSEPHINE ROCHE,
Department of the Treasury, Washington, D. C.

MY DEAR MISS ROCHE: We know that you are interested in any measures that will provide adequate medical service to all the people, and we are expecting certain legislation to be proposed, the design of which is to provide such services under the auspices of health-insurance legislation.

Please understand that we are not necessarily opposed to such legislation. We believe, however, that the problem can be most easily approached through organized groups of physicians who are in a position to render complete medical service at a price which the average person can afford to pay.

The Dubuque Clinic is a private group of nine physicians practicing medicine in a city of 40,000 people and its surrounding territory. We are experimenting in a very limited way with a plan for extending medical services on a monthly payment plan, and we think it may be possible to work out the problem confronting us on some such basis as this.

It is our conviction that adequate medical service for the public can best be provided by some such an arrangement, and we are hopeful that this type of service may be encouraged in preference to any complicated health-insurance legislation which may be contemplated.

We stand ready to share our experience with you and shall appreciate your reaction to what we are doing, together with any questions you might like to ask about this service.

Yours sincerely,

DALE D. EELCH.

THE HYGIENIC INSTITUTE,
LaSalle, Ill., December 21, 1934.

The PRESIDENT,
Washington, D. C.

DEAR MR. PRESIDENT: I wish to be among those who are probably now calling your attention to the inadequate provision in your national recovery program for the public health.

The average reduction in expenditures for public health throughout the country is claimed by the American Public Health Association to exceed 20 percent, that public-health work has virtually collapsed in some communities.

In the cities of LaSalle, Peru, and Oglesby, Ill., where I am health commissioner, we have suffered approximately a 50 percent reduction in funds available for health work. We were forced to close our social hygiene, diagnostic chest, and dental clinics, as well as curtail other activities, and accept a 40 percent reduction in salaries. There is now a crying need for dental attention among our children, and increase in tuberculosis cases, and a grave need for venereal treatments. Just today I discovered two young men with early syphilis, both infected by the same young woman. All three are on relief; yet the relief agencies will not take care of venereal diseases. The townsnip supervisor declares he has no money, and only very reluctantly was induced to authorize a few treatments to render these young pople noninfective. This of course is woefully inadequate, and only prolongs the time these people will be much heavier charges on society.

I wish that more attention could be given to the public health by our Government, and trust that some way you may be able to use your great office to further that end.

Most respectfully yours,

ARLINGTON AILES, *Director.*

DENVER, COLO., *December 24, 1934.*

Hon. HENRY MORGENTHAU, JR.,
Secretary of the Treasury, Washington, D. C.

MY DEAR MR. MORGENTHAU: In view of the fact that even in good times our Denver and Colorado health departments did not rate high—we refer to the American Public Health Association appraisal of Denver health activities in 1927 and Dr. C. E. Waller's survey of public health administration in Colorado in 1931—and since the depression has reduced public-health activities, we are appealing to you to aid us in our dilemma.

We feel that lack of leadership on the part of health officers is one of our most serious problems. To overcome this deficiency it is not only necessary that funds be available for the employment of trained health officers, but an opportunity for leadership given them through the divorcement of the position of health officer from politics. Even with these changes, we could not go far without additional funds for services, some of which have never been attempted here. We wish it were possible in this emergency for the United States Public Health Service to intercede with standards and funds to the benefit of the common good.

Some of our most pressing needs are as follows:

1. *Public-health education.*—The development of a forward-looking aggressive program of public-health education in which the community may have the benefit of vital services, such as dissemination of health information bearing on the prevention and early detection of tuberculosis, cancer, heart ailments, and diseases having important social implications; the use of available channels of publicity to build up the level of public-health consciousness in Denver and Colorado as a whole.

2. *Vital statistics.*—The need of adequate reporting and classification of vital statistics in order that they may be of value in the determination of future health policies.

3. *Tuberculosis control.*—The need of a bureau of tuberculosis control to attack properly the unusual problem in this field in Colorado.

4. *Food control.*—The need of an adequate food inspection service and medical examination of food handlers.

5. *Child hygiene bureau.*—Proper attention should be given to problems of maternity and infancy.

6. *Sewage disposal.*—Lack of public health education as to the needs in this respect resulted in failure of provision for adequate treatment of sewage in the Platte River at a recent election.

While we have enumerated the deficiencies and needs of the Colorado and Denver health departments, we imagine that these deficiencies are not peculiar to Colorado, but are similar in all regions of the United States. We, therefore, urge that much larger appropriations be made to the United States Public Health Service. This Department will then be able to allot services to the various sections of the United States, and through this be in a position to set higher standards for the public health of the entire Nation.

Very truly yours,

F. B. STEPHENSON,
President, Denver Public Health Council,
WILLIAM H. HALLEY,
President Council of State-Wide Health Agencies,
JAMES J. WARING,
Member of the Public Health Committee of the State Medical Society.

COUNTY OF LOS ANGELES, DEPARTMENT OF HEALTH,
Los Angeles, Calif., December 27, 1934.

Mr. HENRY MORGENTHAU, Jr.
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: I am writing to you to call your attention to conditions which exist in public health work in general, and particularly in our department, with which I am of course intimately acquainted and in which I am especially interested.

You no doubt know of the existing conditions in a general way, however, I would like to call your attention to the specific conditions which exist with us and which are typical in public-health work in many parts of the country. I am speaking more particularly of general sanitation, food inspection, water supplies,

housing conditions, and the protection of our milk supply, as, in my opinion, these make up one of the most important branches of public-health work.

Commencing January 1, 1931, including the balance of the fiscal year, all members of the Department took a monthly reduction in their salary of 2 percent and turned it back into the salary fund, thus eliminating the necessity of dismissing a portion of the personnel, due to lack of funds.

For the year 1931–32, we had to take a 20-percent reduction in personnel and an equal reduction for mileage and other expenses. By rearrangement of the work and the men, and greater effort and longer hours, we were able to overcome this handicap.

In 1932–33, there was a 10-percent further reduction in personnel, plus a 5-day week, making a 10-percent reduction in man-power and time. This same year showed a reduction in inspections of 15-percent and in accomplishments of 24 percent.

In 1933–34, we again had a 19½-percent reduction in personnel, and a 24-percent decrease in inspections and a 15-percent decrease in accomplishments.

You will note that our work and accomplishments have decreased to even a greater percentage than the reduction in personnel, although the men have been donating an additional 20-percent of their time.

You will agree that health is the most valuable asset we have. Without health we are not only unable to take care of ourselves, but become a burden to others.

During this depression, with so many people being undernourished and insufficiently clothed, and having to live under bad housing conditions, their resistance has been lowered, which makes them more susceptible to disease and the possibility of starting an epidemic. In fact, we had a demonstration of this very condition with our poliomyelitis (infantile paralysis) epidemic this summer.

The public cannot afford to economize on their health departments. We public-health workers need your help now more than ever. On the other hand, you and the public need our help more than ever. If there is anything you can do, or if you have any influence with the governing powers, Federal, State, county, or city, who establish budgets or any Federal appropriations for public-health work, now is the time to use that influence. We most strongly urge you to give this matter your immediate and serious consideration.

Yours very truly,

HAROLD A. YOUNG,
Director Bureau of Inspections.

PHOENIX, ARIZ., *December 8, 1934.*

Hon. HENRY MORGENTHAU,
Treasury Department:

Will appreciate your every effort in endeavor to secure a renewal of sufficient appropriation of U. S. P. H. S. to continue this aid. Subnormal conditions have made it impossible for the smaller towns and rural districts to maintain adequate sanitary work. Kindest regards.

B. B. MOEUR, *Governor.*

ARKANSAS STATE BOARD OF HEALTH,
Little Rock, December 10, 1934.

MR. HENRY MORGENTHAU,
Secretary of the Treasury, Washington, D. C.

DEAR MR. MORGENTHAU: Information which has just become available to me indicates that a small allotment has recently been made available from Federal relief funds to the United States Public Health Service for aid to State and local health departments.

You, no doubt, are informed that Arkansas is one of the few States which is unable to contribute toward the Federal relief program due to the bankrupt condition of our State. The need for Federal aid and leadership in the development and support of local health work due to the budgetary cuts of the many State health departments, and especially Arkansas, is very great at this time.

I respectfully invite your attention to give consideration to the allotment of Federal funds for the development and maintenance of health work through the official agencies of the different State health departments. If consistent, I wish you would please present this matter to the Committee on Economic Security recently appointed by the President.

Respectfully,

W. B. GRAYSON, M. D.,
State Health Officer.

STATE OF ALABAMA,
DEPARTMENT OF PUBLIC HEALTH,
Montgomery, December 5, 1934.

Hon. HENRY MORGENTHAU,
Secretary of the Treasury,
Treasury Department, Washington, D. C.

DEAR MR. MORGENTHAU: As one of the many struggling State health officers striving to provide as much health protection to our people as our inadequate budgets will permit, I desire to express a word of gratitude to those who have made possible the recent aid which has been extended to us through the Public Health Service in building up and strengthening county health work throughout our State. As a student in the field of health administration and practice, I feel that this type of Federal aid gives a stability and permanency to our efforts not now possible to provide with the contracted budgets at our disposal. If this particular grant to the States through the Public Health Service can be assured perpetuity with provision for enlargement as suitable machinery is built up, it should prove one of the great boons in the development and promotion of sound health organizations and more particularly in the large rural and agricultural sections of our country.

Knowing your keen interest in every forward looking, unlifting program of this nature, the hope is expressed that you will see fit to give the suggestions made above careful consideration and your personal support to the Public Health Service and the State health officers.

Most respectfully yours,

J. N. BAKER, M. D.,
State Health Officer.

GAINESVILLE, FLA., *January 14, 1935.*

Miss JOSEPHINE ROCHE,
Assistant Secretary of the Treasury, Washington, D. C.

MY DEAR MISS ROCHE: In my capacity as health chairman of the Florida Federation of Women's Clubs, and at the request of our president, Mrs. T. V. Moore, I have today written Mr. Henry Morgenthau asking that he use every effort to secure from Congress this year a sum not less than $3,000,000 to be used in rural health work over the Nation this coming year. Your interest and influence along the same line will, I assure you, be greatly appreciated by our organization.

While my knowledge of health work in other States is limited, I feel very sure that none of them needs this assistance more than does Florida—especially her rural population.

The $1,000,000, which I am told was the amount available last year, did a vast amount of good, but we need much more this year as the depression has left an aftermath of disease due to malnutrition, etc.

The Florida Federation of Women's Clubs is standing solidly behind Dr. Henry Hanson, our competent State health officer, and will do everything possible when the Florida Legislature meets to secure adequate funds to carry on his work, but we do need every help possible, both financial and otherwise, from our Federal Government.

Please advise me if the club women of the State can do anything to assist.

Thanking you, I am,

Very sincerely yours,

SARAH T. PEPPER,
(Mrs. W. M. PEPPER),
Health Chairman, F. F. W. C.,
Gainesville, Fla.

The CHAIRMAN. The next witness is Mr. Alvin Hansen, chief economic analyst of the Department of State.

STATEMENT OF ALVIN HANSEN, CHIEF ECONOMIC ANALYST, DEPARTMENT OF STATE

The CHAIRMAN. Mr. Hansen, will you give the stenographer the necessary information; your full name, address, and so on?

Mr. HANSEN. Alvin Hansen, 4000 Cathedral Avenue NW., Washington, D. C.

The CHAIRMAN. Your title?

Mr. HANSEN. I am economist in the Trade Agreement Section in the State Department. I acted as chairman of the subcommittee on unemployment insurance to the cabinet committee, and I wish to direct my attention exclusively to the unemployment insurance feature of the bill.

I shall speak very briefly and informally first, about the matter of a national bill as against a Federal-State bill, and how the subcommittee came to the conclusion to recommend to the cabinet committee the Federal-State plan as against a national plan; and second, with respect to the centralization of control over the funds.

With respect to the first question, the matter of a Federal-State bill as against a national bill, when the technical board was first set up and subdivided its functions into several subcommittees, we held a good many meetings. At first there was among us a good deal of discussion about the possibility of a national plan and there were some members of the subcommittee that at first favored that plan. The more we discussed the matter and looked at the general aspects of the whole problem, we came to the conclusion that there were certain very cogent reasons why it would be better to recommend the Federal-State plan.

In the first place, we were very much impressed with the fact that there are a good many States in the country that have for some years been studying the unemployment-insurance problem. They have had commissions and have prepared the way for State legislation. There are several important industrial States that appear to be ready to pass legislation this year. It seemed to us that in view of the great interest in a good many of the States in unemployment insurance we ought to capitalize that definitely in supplementing by Federal legislation encouraging the development of State laws rather than to nip all of that State activity in the bud by passing in this session of Congress a general national plan.

A second consideration that weighed with us heavily was the fact that there is in different parts of the country considerable disagreement as to the kind of unemployment insurance that should be passed. The State of Wisconsin has already passed a law which runs in terms of individual plant funds. The State of Ohio had a commission which strongly recommended a pooled State fund. There is, of course, a very marked difference between these two types of legislation. It seemed to us that in view of the fact that in certain parts of the country particularly there was a desire for legislation which would make possible the establishment of individual plant funds or industrial reserve funds as against the State pooled plan, and in view of the fact that in other States there was strong sentiment for a centralized State pooled plan, there was merit in a Federal-State plan which would permit a larger measure of experimentation in unemployment insurance schemes and give each region an opportu-

nity to have the kind of legislation which seemed to them particularly wise. It seemed to us that out of this experimentation in different States we might eventually find that this or that plan seemed to be superior with respect to American conditions, and that future legislation might profit thereby without freezing the mold, so to speak, of unemployment insurance at the present moment.

In the next place, a good many members of the subcommittee, at least, felt that unemployment insurance ought properly to be carried by industry. If the various States wished also to apply a tax upon the employee himself, that could be settled by the wishes of each particular State. But in any event, whether paid in the first instance by the employer wholly or partly by the employer and partly by the employee, there is a good deal of economic support for the thesis that in the long run it works out somewhat the same with respect to the ultimate incidence of the cost. It is, at any rate, a kind of a wage, a need in some way to be carried by industry, whether by employers alone or by employers and employees, jointly. It seemed to us that if the Federal-State plan were adopted, there was greater likelihood that the cost of unemployment insurance would be carried by industry in the manner that I have described; whereas if a national plan were adopted, it might easily become far easier to pass on to a scheme whereby the plan was being supported largely out of general Federal revenues, instead of coming out of a tax on industry, on the employer and the employee. There were some who laid great stress on the national plan from the standpoint of centralized standards and control of administration. It seemed to us that if a Federal-State plan were adopted whereby a part of the revenue derived were retained by the Federal Government, the Federal Government could, by the aid of funds thus derived, subsidize and assist the States through the public employment offices, and thereby set up standards and improve the administration. Thus, by joint cooperation between the Federal Government and the States, standards of administration could be secured no less effective than would be the case were a national plan in effect. This is a point upon which there is a good deal of disagreement, but in general the views of our subcommittee were as I have stated.

Next, I should like to discuss very briefly the matter of the investment of the funds. This is a matter to which I have devoted some considerable attention, and have elaborated my ideas on the subject partly in a chapter which was published in the Columbia University report on industrial reconstruction, about a year ago, called "The Flow of Purchasing Power", and especially in part IV of a volume published by the University of Minnesota Press, entitled "The Problem of Unemployment Insurance and Relief in the United States", under the authorship of myself, Murray, Stevenson, and Stewart. In part IV of this volume attention is particularly directed to the question of the investment of reserves.

When State unemployment insurance has been discussed previously, it has usually been assumed that the funds would be invested by the proper authorities in each State in bonds of the Federal Government or bonds of the States, or perhaps also municipalities. If all of the funds that are accumulated under unemployment insurance were all poured into the bond market during a period of prosperity, the general effect would be to stimulate undualy the boom, because

it would tend to draw from the total income of funds which were poured into the capital market, which would tend to reduce the rate of interest and tend to stimulate, perhaps unduly and excessively, investment. We know that one of the characteristic features of a boom period is a tendency toward an excess investment in fixed capital. Indeed, one may say that the essence of the ups and downs of business is a great rise in investment in fixed capital in a boom and a substantial cessation of investment in fixed capital in depression.

An accumulation of large reserve funds in the period of prosperity when these funds would accumulate would tend to exaggerate and intensify the movement toward excessive capital investment. On the other side, if these bonds are unloaded and liquidated heavily in a period of depression when the funds are needed to pay off benefits to the unemployed, there would be a tendency for the capital to be liquidated all the more heavily, which means in effect that the rate of interest would be pushed up still higher, and to that extent would give a further damper to investment at that time.

There are certain other effects which also have to be taken account of, but I am directing attention at the moment particularly to the rise and fall of investment as affected by the accumulation and liquidation of and payment into benefits of these funds in the depression period. That leads to the consideration as to whether or not these tendencies may be obviated, first, by a centralization of all of these funds into one center, and that a center which is intimately bound up with the instrumentalities that control public credit. If these funds were all centralized, either in the hands of the United States Treasury or in the hands of the Federal Reserve banks, there would be an opportunity to coordinate the investment of these reserve funds with the general credit policy in such a manner, I think, that beneficial results might follow from the standpoint of stabilizing the credit cycle. We know that the Federal Reserve banks and the United States Treasury are the two institutions that are most intimately bound up with the control of credit—the Federal Reserve banks exerting their influence partly upon the money market and partly upon the capital market, and the United States Treasury, particularly in such great depressions as we have recently experienced, influencing public credit through public works and similar expenditures.

It may be that the investment of unemployment reserve funds and the payment of benefits to the unemployed from these funds in a period of depression is closely linked up with the functions of the United States Treasury, particularly with reference to public works and other programs.

In general, one may say that there are three ways in which purchasing power is distributed to the community, three ways in which a rise and fall in purchasing power is effected. One is through the payment of purchasing power by business units to labor and to stockholders, through salaries, and through various purchases that they make from other business units with which they deal; in other words, the purchasing power that is poured out through the community through business. The Federal Reserve bank control of bank credit influences this flow of purchasing power to a considerable extent in the influence it exerts upon the money and upon the capital market.

A second way in which purchasing power may be poured out through the community is through the United States Treasury, particularly in the expenditures of the Government in public works, and the like.

Third, there may develop a new way of pouring out purchasing power into the community through reserves of the sort we are here interested in, in unemployment insurance legislation. This fund of purchasing power is derived from, first, deducting from the income the contributions that are made to these funds by employers and employees, and then utilizing the funds thus derived and putting them out into the community in periods of depression. The control of these funds, as I say, might be associated with either the Federal Reserve banks or with the United States Treasury. In any event, it is more and more important, it seems to me, in modern times that a very close integration must be effected between these two powerful units that so largely control the ups and downs of the flow of purchasing power.

In the recommendation that is made, it is suggested that the funds be deposited with the United States Treasury. The United States Treasury would get these contributions from the various State units, and the United States Treasury might do various things with them. It might in the first case deposit them with its depositories all over the country. The net effect of that would probably be undesirable from the standpoint of stabilizing the credit cycle. The net effect of such a procedure would probably be that the various banks with which the funds were deposited would in turn invest them in bonds, with the results that I have already described when these funds are so invested in boom periods and the bonds are then liquidated in the period of depression.

On the other hand, the United States Treasury might deposit these funds with the Federal Reserve banks. It would be particularly desirable for the Treasury to do so if it were felt that we had reached a point in the upswing of the cycle where it seemed necessary to check an undue expansion. The effect of depositing these funds with the Federal Reserve banks would in the first instance be to reduce the reserves of the member banks with the Federal Reserve banks. These grants that would come to the Treasury would be drawn on various member banks, and therefore the effect of making the deposits with the Federal Reserve banks would be to withdraw the funds that the member banks have with the Federal Reserve banks and transfer them to an account with the Treasury. That would have a restricting influence upon an upward swing of credit, in that it would curtail the volume of reserves that the member banks have with the Federal Reserve system.

If it were deemed desirable, in view of the credit situation in which one found oneself, not to check and control the upswing, after making the deposit with the Federal Reserve banks the United States Treasury might buy bonds in the open market from member banks largely, let us say, which in turn would have the effect of putting back the funds into the reserves that the member banks carry with the Federal Reserve System. Thus, by alternatingly leaving the funds with the Federal Reserve and investing them in bonds purchased in the open market, the Treasury could insert an influence on the credit cycle in whatever direction at the moment it deemed necessary.

It seems necessary to leave the utmost flexibility to the judgment of the currency authorities which have control of the credit system, so that the particular manner of handling the funds could instantly be used which seemed most desirable at the moment.

There are other ways in which the funds might be utilized, some of which might have even a more stringent effect upon the credit than the one which I have described, but I think I have stated the two general methods which perhaps would seem the most serviceable, which on one side could be used to check an undue expansion, if necessary, or, on the other hand, to stimulate the market if that seemed appropriate at the moment.

Thank you, Mr. Chairman.

Mr. COOPER. May I inquire briefly, without intending to reflect any personal views which I may entertain on the subject, for a little information with reference to the excise tax imposed under the unemployment insurance of this bill? As I understood from you, you served as chairman of the subcommittee serving the unemployment provisions of this measure. Is that correct?

Mr. HANSEN. Yes, sir.

Mr. COOPER. I understood you to state a moment ago that under the system intended to be established, the States might provide by State law that the tax should be borne by employers and employees. Is that true?

Mr. HANSEN. If they so desire.

Mr. COOPER. Inviting your attention to title VI, section 601, of the bill, page 34—that is the title of the bill dealing with the subject of unemployment insurance, is it not?

Mr. HANSEN. Yes, sir.

Mr. COOPER. The language there states, as you will observe:

> There shall be levied, assessed, and collected annually, from every employer subject to this title, for the taxable year commencing January 1, 1936, and for each taxable year thereafter, an excise tax, measured by an amount equal to 3 percent upon such employer's pay roll, * * *

and then continuing the other provisions of that title.

Just where in this bill is the provision which makes it optional with the States as to who pays this tax?

Mr. HANSEN. This bill provides only for a 3-percent tax upon the employer.

Mr. COOPER. Yes.

Mr. HANSEN. The States might, however, pass a law by which they impose a tax of, let us say, 3 percent upon the employer, against which the Federal Government would allow a credit under this act. In addition, they might impose a tax, altogether aside from any special provisions of this Federal act, upon the employee, let us say, of 1 percent. If that were done in a State it would be possible in that State to pay benefits for a longer period than would be possible if the contributions were limited to the 3 percent provided here. This bill, as far as it goes, does not in any way impose any obligation on the States to impose a tax upon the employee.

Mr. COOPER. For the moment I am not seeking information as to the effect or results or anything of that kind. I am seeking from you, who served as chairman of the subcommittee considering this subject, your understanding of the provisions of the bill itself. Now, I understand from your answer just given that, as the bill now stands, it

imposes a 3-percent excise tax upon employers, on the pay rolls of industry, and if a State acting through its legislature should decide by State law that a tax should also be imposed upon employees, that would have to be in addition to the 3-percent pay-roll tax imposed upon employers.

Mr. HANSEN. That is right.

Mr. COOPER. As the situation now stands, presented by the bill, this 3-percent excise tax levied upon the pay rolls of industry to be paid by employers cannot be divided.

Mr. HANSEN. That is right.

Mr. COOPER. That is true, is it?

Mr. HANSEN. That is right.

The thought is that by this Federal legislation, the competitive situation between the States would be equalized. Of course, that competitive situation applies to the tax upon the employer. If the employer in one State pays only 1 percent or 1½ percent, and the employer in an adjoining State pays 3 percent, an unequal interstate competitive situation is created. It is intended that this bill would equalize the interstate competitive situation by providing that each State law would tax the employer at least 3 percent; if then they wished to tax the employer more, that is each State's own business. If they wished to tax the employee in addition, that also is the State's business. But at any rate, there would be an equalization of interstate competition to the extent that each State would tax the employer 3 percent.

Mr. COOPER. If you will pardon me, I did not intend to go into the reasons or matters of that kind. I think it is well understood by the committee as to the principle involved, seeking to meet the question of competition by industries of the various States. I was seeking to get from you your definite interpretation of the provision here as to the imposition of this tax. I am just wondering whether or not the statement made by you a few moments ago, which has also been made by other witnesses appearing here, to the effect that this bill provides that the States have a right to levy a tax upon employers and employees if they see fit, has not been somewhat misleading, and has not resulted in some people getitng the impression that this 3-percent excise tax may be divided between employers and employees by the State laws. I understand from you that is not true.

Mr. HANSEN. That is right.

Mr. COOPER. All right.

The CHAIRMAN. Right in that connection, did you give consideration to the thought that if the State would levy 1 percent, or 1½ percent, or one-half as much as the Federal Government levies, it could be regarded as a credit against the Federal tax?

Mr. HANSEN. To that extent.

The CHAIRMAN. Yes; to that extent.

Mr. HANSEN. To that extent; yes, sir.

The CHAIRMAN. But not under this law, could it?

Mr. HANSEN. Yes, under this law it could. I think so, to that extent, as I understand it.

The CHAIRMAN. I understood your answer to Mr. Cooper would not conform to that opinion. I want to get that clear, whether or not if the State levies a tax of, say, 1 percent or 1½ percent, then it could be regarded as a credit against the Federal tax.

Mr. HANSEN. To that extent, but not the 1½ percent levied against the employee. That would not be allowed as a credit by the Federal Government.

The CHAIRMAN. I am asking you the question if in your judgment that could be allowed as a credit.

Mr. HANSEN. It could be allowed to that extent.

The CHAIRMAN. Under the provisions of this bill as it is now written?

Mr. HANSEN. Yes, sir.

The CHAIRMAN. That is your interpretation of the bill?

Mr. HANSEN. Yes, sir. In that event, the State would not be allowed a credit of 3 percent, but only the credit assessed upon the employer.

Mr. COOPER. Would you pardon me, Mr. Chairman? I am not quite clear on that now, in view of the answers given to the questions I asked and the answers given to the questions of the chairman.

I understood from you that under the provisions of this bill as it now stands, there is a Federal tax of 3 percent.

Mr. HANSEN. Yes, sir.

Mr. COOPER. That is levied upon pay rolls of all industries.

Mr. HANSEN. Yes, sir.

Mr. COOPER. To be paid by all employers.

Mr. HANSEN. That is right.

Mr. COOPER. If the State law levies any tax, whether it be 1 percent, 1½ percent, or any other amount, to be paid by employees, that has to be in addition to this 3 percent tax provided here? Is that correct or not?

Mr. HANSEN. Let me state the situation, and I think it will become clear. This law provides a tax of 3 percent upon the employer.

Mr. COOPER. Yes, sir.

Mr. HANSEN. That 3 percent will have to be paid by the employer into the Federal Treasury in any event.

Mr. COOPER. Irrespective of any laws that any States pass.

Mr. HANSEN. Yes. If the State passes a law taxing the employer 3 percent, the Federal Government will allow a credit against that to the States. If the State passes a law taxing the employer 2 percent the Federal Government will allow the State a credit against that amount, but the Federal Government will be continually drawing the 1 percent from the employer. The employer in that event would be paying 2 percent to the State and continue to pay 1 percent to the Federal Government.

Mr. COOPER. Exactly as I understood you.

Mr. HANSEN. That, I think, clarifies the point. It may be allowed a credit against whatever amount the State taxes the employer, but the State may not be allowed a credit against the amount it taxes the employee.

Mr. COOPER. Then in order to be clear—and that is my only purpose in asking these questions, that we may get the record clear and reflect the truth—if as you say a State levies a 2-percent tax on employers, they will get credit for the 2 percent.

Mr. HANSEN. That is right.

Mr. COOPER. In other words, the employers in that State will be entitled to the credit for the 2 percent levied by the State.

Mr. HANSEN. That is right.

Mr. COOPER. But they will also at the same time have to pay 1 percent to the Federal Government to bring it up to the 3 percent levied here.

Mr. HANSEN. That is right.

The CHAIRMAN. In other words, the tax that the State will levy will not be less than the tax that is levied by the Federal Government on the employer.

Mr. HANSEN. That is right.

Mr. HILL. Assume the Federal Government levied this 3 percent tax under this proposed legislation and the State levied a 1½-percent tax against the employer and a 1½-percent tax against the employee, the employer would be entitled to a 50-percent credit on the amount that he is required to pay to the Federal Government. In other words, the Government instead of giving a credit of 90 percent would give only a credit of 50 percent.

Mr. HANSEN. A little less than that: 90 percent on the amount of his contribution to the State fund, retaining the whole of the rest.

Mr. HILL. He would get a credit for 90 percent of the amount he contributed to the State fund?

Mr. HANSEN. Yes.

Mr. HILL. Your construction of this bill, then, is that the employer who pays a State tax is entitled to a credit of 90 percent of that tax on the amount that he is required to pay to the Federal Government, regardless of whether it is a 1-percent tax to the State, a 2-percent tax to the State, or a 3-percent tax to the State?

Mr. HANSEN. If I understand your question, I would disagree, but perhaps I did not quite get it.

Mr. COOPER. Is not this the true situation: If the employer pays a 2-percent tax under State law, he will get credit for 90 percent of that 2 percent?

Mr. HANSEN. That is right.

Mr. COOPER. On the Federal tax.

Mr. HILL. That is what I was getting at.

Mr. HANSEN. That is right.

Mr. HILL. It was my understanding of your answer on that previously that if the employer paid a State tax which was less than 90 percent of the Federal tax he would get credit for the entire amount paid the State.

Mr. HANSEN. No, sir.

Mr. HILL. All right. Now, here is a 3-percent Federal tax. The (State levies a 1½-percent tax on the employer and a 1½-percent tax on the employee. The employer gets a credit against his Federal tax, but the employee gets no credit, since there is no Federal tax levied against him. But all of the money that the State collects from both the employer and the employee will go into this trust fund provided for in section 604, page 38, and is held in the Treasury in that trust fund. Is that held to the credit of the State?

Mr. HANSEN. Yes, sir.

Mr. HILL. To that particular State?

Mr. HANSEN. Yes, sir.

Mr. HILL. We have in that case a fund consisting of 1½ percent paid by the employer and 1½ percent paid by the employee, which makes a total of 3 percent, and in addition to that we have this 3 percent levied by the Federal Government less whatever credit goes to the employer.

Mr. HANSEN. Yes, sir.

Mr. HILL. What happens to that money that the Federal Government collects—where does it go?

Mr. HANSEN. As I recall it—I am not quite sure on this point; I will have to check on that. Perhaps I had better give my answer after checking—but as I recall it, it goes into the general funds. The plan is that the amount withheld by the Federal Government would be used for the purpose of subsidizing or giving a grant in aid to the State unemployment offices and building up the standard of administration in the various States.

Mr. HILL. That is, it would be used just the same as the 10-percent fund if there were a full credit of 90 percent, is that the iea?

Mr. HANSEN. Yes.

Mr. HILL. The excess above the 10 percent would not go back to the particular State from which it came?

Mr. HANSEN. No; it would not, except through the form of a grant.

Mr. HILL. Where there is a full 90-percent credit, where does the 10 percent go? Into what fund does that go?

Mr. HANSEN. Ten percent goes into a Federal fund which would be used as a grant in aid to the State unemployment offices.

Mr. HILL. Is that a general fund?

Mr. HANSEN. It is a general fund; yes.

Mr. HILL. It just goes in with the other funds?

Mr. HANSEN. Yes.

Mr. HILL. And they are paid out by appropriations?

Mr. HANSEN. Yes.

Mr. COOPER. Pardon me; this is for administration, is it not?

Mr. HANSEN. It is for administration.

Mr. HILL. You might build up a very heavy fund there under the circumstances I have related here, if a number of States come within the illustration I have given.

Mr. HANSEN. Yes; but it goes into the general fund and it would not all have to be used for the purpose of a grant in aid to the administration; if it were a large fund, it would go into the general fund.

Mr. HILL. In that event it would go in there as general revenue?

Mr. HANSEN. General revenue of the Government, that is right.

Mr. HILL. In addition to the other levies made?

Mr. HANSEN. Any other source of revenue, that is right.

Mr. HILL. You keep a separate account with each State of the moneys paid in by that State to be reimbursed to the employers and employees within that particular State?

Mr. HANSEN. That is right.

Mr. REED. On page 36 of the bill, on line 6, section 602, it says:

> Any employer may credit against the tax thus due—

that is, to the Federal Government—

> up to 90 percent of the tax, the amount of his contributions for the taxable quarter to any unemployment fund under any State law.

Just to clear the matter up, suppose we have a pay roll of $100,000, and the Federal Government imposes a 3 percent tax. There is $3,000. Suppose your State tax on the same $100,000 pay roll is 1½ percent. There you have a tax of $1,500. What happens in that case? You have the Federal tax of $3,000 and you have the State tax of $1,500. Under the provisions of this law as it is written, just what happens there?

Mr. HANSEN. It seems to me the question is identical with the one just raised, that has already been answered, I think.

Mr. REED. I want to get that perfectly clear, to give a concrete case.

Mr. HANSEN. I think it is absolutely identical to the question just read. The amount that is levied by the State on the employer would be segregated into a fund by the Treasury for the account——

Mr. REED. That is not what I am driving at at all. I want a specific example. I want it worked right out in the record. You have a pay roll of $100,000 and the Federal tax is 3 percent. There is $3,000 tax. The same pay roll is taxed by the State 1½ percent and is $1,500. Now, work out the credit on the 90 percent basis.

Mr. HANSEN. Yes. The Federal Government would give a credi to the State of 90 percent of the $1,500.

Mr. REED. That would be $1,350.

Mr. HANSEN. $1,350.

Mr. REED. So that is subtracted from the $3,000?

Mr. HANSEN. That is subtracted from the $3,000, and the remaining portion flows into the general revenues of the United States.

Mr. REED. The $1,650 goes into the Federal funds under this section 602, according to this language?

Mr. HANSEN. Yes, sir.

The CHAIRMAN. That would not help the employer any, would it? It would not lighten his burden any.

Mr. HANSEN. No; it would not lighten the burden of the employer.

Mr. REED. Pardon me just a moment. I am asking it in all sincerity. I wish you would examine that section a little more closely when you get time.

Mr. HILL. You mean section 602?

Mr. REED. Yes.

Mr. HILL. I want to join in that request.

Mr. REED. I think that you are wrong in the construction of that section.

Mr. DINGELL. Mr. Hansen, I would like to ask you a question or two at this time. I do not know whether it comes within your province of discussion or not, but as chief economic analyst and adviser and the chairman of the subcommittee, I assume that you might answer the question I have in mind:

We are going into a tremendous, gigantic scheme of social security, unemployment insurance, and old-age pensions. You considered in your subcommittee the question of unemployment insurance and also, as I take it, old-age pensions, both contributory and noncontributory, did you not?

Mr. HANSEN. No, sir; only unemployment insurance in our subcommittee.

Mr. DINGELL. Only unemployment insurance?

Mr. HANSEN. Yes, sir.

Mr. DINGELL. Perhaps you might express an opinion in this connection. I am wondering why in this great general set-up of social security insurance we must create a great governmental agency. After all, it seems to me as if it is pure insurance that we are heading for. Why is it necessary, since we are taxing employers for one phase of insurance, one kind of insurance, then in another portion we are taxing both employer and employee in the contributory phase

of the old-age pensions. Why not forget all of that and make it compulsory insurance with agencies that are already in existence? What advantage will there be, since we are going to tax the employee to insure his future? Why not make it compulsory for him or for his employer to take out such insurance with insurance companies that already have such service? What advantage will there be to going into this thing on a large governmental scale?

Mr. HANSEN. I would like to limit my remarks to unemployment insurance. With respect to unemployment insurance, there are no private agencies in the field.

Mr. DINGELL. I appreciate that, but I am not necessarily reflecting my own opinion because I believe in the Government going into such social activities, but what I am wondering is as to what advantage there will be in establishing a governmental agency to handle this phase of our national existence when we already have insurance companies who do the same thing? We are simply going to compel the employees to make certain insurance contributions to secure their old age. What I am wondering about is what advantage there will be. Of course, if it is not within your province to answer that question, I would not want to crowd you to make a commitment on that point.

Mr. HANSEN. I do not think it is within my province, since my subcommittee limited itself only to the unemployment insurance. In general, we do have some experience from which some answer could be derived, in other fields, I think.

In the case of compensation, there are some State laws that cover compensation. In many States it is handled by private agencies, as you know. We also have some experience, at least in foreign countries, with respect to public-health insurance as against individual companies handling health insurance. One consideration that certainly ought to appear would be the question of cost. In general, if I am correct—although I am not a specialist in the field—I think it has been found that in this country the State funds for compensation insurance have handled the administration more economically than is the case where they are handled by private agencies. It is, however, said that on the other hand, they do not perform as many services. I am not really competent to discuss the merits of the question. But with respect to unemployment insurance there are no private agencies in the field. I would like to limit my remarks to it.

Mr. DINGELL. I just want to interpose this one observation, and that is, that I believe in the Government handling these problems. What I was trying to get at, and I hoped that possibly you might be able to give me some expression on that point, was as to what particular advantage it would be to go into this thing through a governmental agency established for the purpose, as compared with the advantage it would be to go through certain agencies that are already in existence and in private hands. Of course, I believe that it is wise to bring down the rates of insurance so as to make it available for every individual in this country.

Mr. HANSEN. You would have to have, for one thing, very close governmental supervision if it were done by private agencies, and the combined cost of that close supervision and the administrative cost of the private agencies in my opinion would be greater than handling it directly through a Government agency.

Mr. LEWIS. There is a grave constitutional question as to whether even the Government of the United States could impose a tax which should be payable into private hands. It could not condemn property and turn it over to private interests.

Mr. DINGELL. I did not have in mind, Mr. Lewis, taxing people for the purpose of having them pay their charges to an insurance company. I wondered whether it was the same principle involved whether you are insuring with an insurance company to secure your old age or whether you are going to do it through the Government. You can obtain annuities from an insurance company at the age of 65, voluntarily now. We are going to establish by law compulsory contributions from employees to secure their future. What I am wondering about is, where is the advantage of doing it through the Government when we can already do that voluntarily through the insurance company?

Mr. LEWIS. Would you care to hear an answer? It will take a minute or two.

I was struck by criticisms of the administration of our relief fund, because it was said that about 12 percent of the money voted for relief by Congress went into administration costs. When I examined the casualty insurance statistics for the United States, a field more or less resembling it, although less difficult to handle because there are less cases, I found that one-third of the premiums connected with casualty companies went to operating expenses. In other words, their costs were about three times as high as the percentage of the Government.

When you come to the field of insurance annuities in the very lower regions, the Government with its established agencies, with its perfect credit and responsibility, without any practice of going out and hunting business, can write annuity policies at a substantially lower rate than the private company.

Mr. DINGELL. That is precisely what I am driving at. I want to know the advantage.

Mr. LEWIS. Up to, say, the mark that has been reached by Canada, an annuity of $100 a month, I think we have a field where the existing agencies of Government can accomplish a much more economical result than private companies organized for the purpose. In a way, it is the same case over again that we had in the parcel-post field. The express companies were moving about three parcels per capita in the United States. They were moving 10 parcels per capita in Switzerland. We have introduced the parcel post and it is as solvent now as the express companies, and 10 parcels per capita are now moving in the United States. The Department was able to provide a rate for that parcel under which it was possible to move. I think that will be found true in this annuity field.

Above $100 a month annuity I think the difference between the Government's administration of that and the administration of the well-organized insurance companies would not be so great as to invite it. But below $100 a month, I think you have another case of the parcel post, where private initiative and organization under the limitations under which it must move cannot supply the required service

Mr. DINGELL. I just want it to be made clear for the record that the question I raised here is not raised because I decire to impede the

Government in its desire to be of service to the people in this social field, but, rather, I am wondering what advantage there will be.

The CHAIRMAN. Thank you, Mr. Hansen, for your appearance and the information you have given the committee.

The committee will take a recess now until 2 o'clock. We are expecting the president of the American Federation of Labor, Mr. Green, to appear at 2 o'clock.

(Whereupon at 12:40 p. m., a recess was taken until 2 o'clock of the same day, Monday, Jan. 28, 1935.)

AFTERNOON SESSION

The recess having expired, the committee resumed at 2 p. m., Hon. Robert L. Doughton (chairman) presiding.

The CHAIRMAN. The committee will be in order.

We are honored this afternoon with the presence of William Green, president of the American Federation of Labor. Mr. Green, we shall be very glad to hear you at this time.

STATEMENT OF WILLIAM GREEN, PRESIDENT AMERICAN FEDERATION OF LABOR

Mr. GREEN. Mr. Chairman and gentlemen of the committee:

In behalf of the American Federation of Labor, its officers and members, I wish at the outset to urge the enactment of social-security legislation at this session of Congress. We feel that the enactment of such legislation has been altogether too long delayed. The need for such legislation is so apparent that it would seem that all thinking people would be convinced of the urgent necessity of Congress enacting such legislation into law.

I realize, at the same time, Mr. Chairman and members of the committee, that this is a sort of a pioneering project and, for that reason, it is too much to expect, perhaps, that we will secure the enactment of a perfect unemployment-insurance measure, representing the hopes and the aspirations and the opinions of the workers of the Nation. But I have some recommendations that I wish to make regarding the pending bill, in behalf of the millions of members whom I have the honor to represent. I shall be very much pleased if the members of the committee will give these recommendations their thoughtful and, I hope, favorable consideration.

Incidentally, Mr. Chairman, my time is limited today, and I shall have to leave in about three-quarters of an hour. I have another meeting that I must attend this afternoon, but I shall be glad to come back to finish, if the committee does not finish with me this afternoon.

The CHAIRMAN. If you do not complete your main statement, and would like to have your statement appear in whole at one point in the hearing, you may extend your remarks, and it will be made a part of the record in consecutive order.

Mr. GREEN. Thank you.

Consideration of unemployment insurance in this country is by no means new. During every depression we have had in recent years we have talked about unemployment insurance. Any plans for unemployment insurance were always forgotten, however, with a return of prosperity. Unemployment comes into being with the industrial

system, and grows with it. The United States is the last great industrial country to give serious consideration to a system of unemployment insurance. We are, indeed, decades behind in the development of a social program. Comprehensive systems of unemployment have been in practical operation in various foreign countries for many years.

Opposition to unemployment insurance in this country is based primarily upon the claim that it is unnecessary, that unemployment is not an insurable risk, and that even if we did manage to insure our millions of wage-earners against their great risk of unemployment, the effect upon them and upon the Nation would be harmful.

Today we need not convince either the lawmakers of this country or the people themselves that we need a broad system of social insurance, covering unemployment, old age, care of dependent and unemployable persons.

The lives of millions of our people are governed by the fear of losing their jobs. Econonic security is today and will be for a long time to come our greatest national problem. Our belief that this problem would take care of itself has been rudely shattered by the bitter experiences of the past 5 years.

I believe every one realizes that we must now take positive action to provide a reasonable amount of economic security to those millions of our pouplation who are, even in the best of times, always on the edge of want and destitution. Their wages are so low that even while they are fully employed, they are unable to make provision for unemployment through savings. They are always conscious of their complete lack of security. It has been established that in 1928 and 1929 at least 10,000,000 families, or over one-third of the total population, were living in poverty—many of them even below the minimum subsistence level. Those people had, and can have, no savings to see them through even a brief period of unemployment. Even were savings possible, however, it would still be highly unjust that they should be expected to bear the cost of unemployment for which they are themselves in no way responsible.

The need for security can be shown most clearly by the number of persons who are now on the rolls of the unemployed. In November 1934, more than 11,000,000 men and women were still looking for work. The figure for December will probably be even greater than that. This means that 31 percent of the total number of wage earners and small salaried workers in the United States were out of jobs in November—and this does not include from 1,000,000 to 2,000,000 additional workers who had emergency employment only. Great as these numbers are, they by no means represent the total number of wage earners who have suffered from unemployment during the past year. There is a constant changing of places between unemployed and employed.

That unemployment is by no means confined to periods of depression must also be remembered. Even in periods of prosperity, unemployment is the greatest hazard which the wage earner has to meet. In 1923, for example, when unemployment was at its lowest figure during the entire period of the twenties, over one and a half million were unemployed, representing 5.2 percent of the entire number of wage earners and salaried workers of the country. The Ohio Commission on Unemployment reported in 1932 that during 4 out of the 7 years from 1923 to 1929, the average number of unemployed in the

State represented more than 10 percent of the total number of wage earners and salaried workers in the State.

So far we have tried to meet this tremendous problem through relief only, and in the past 2 or 3 years relief has done much. But we see in continued dependence upon relief the gravest dangers to our wage-earning population. Relief must not be considered the solution of the problem of personal economic security and of national economic security. Relief must be a temporary and emergency measure, unless we wish so seriously to undermine morale that many men and women will never again be self-sustaining or self-respecting citizens.

In November 1934, over 19,000,000 persons were on the relief rolls. This represents more than 15 percent of the entire population of this country, dependent upon the Federal Government for aid. The Federal Emergency Relief Administration has estimated that of these 19,000,000 on relief, 5,500,000 are employable. We are justified in assuming from these figures and from our unemployment figures that there were unemployed in November 5,500,000 wage earners who were not yet on relief, representing probably an additional 20,000,000 people.

In November 1934 the Federal Government spent $172,600,000 for relief, as compared with $70,710,514 a year ago in the same month. Up to the present the Federal Government has made available for emergency relief purposes more than 2½ billion dollars, not including C. C. C. and P. W. A. funds or the amounts spent on drought relief and food surpluses.

The primary object of unemployment insurance is to secure the worker and his family against privation and suffering, and to help him preserve some standard of health and decency during unemployment, with as little harm to his self-respect as possible. The program of unemployment insurance we are considering now will not solve our present problems. It will become operative in 2 years' time, when we hope that more normal conditions will have returned. Our hopes and expectations in regard to the effects of any system of unemployment insurance we may adopt should not be too extravagant. We must not look upon it as a cure-all for all of our problems, nor as a method of bringing about complete stabilization of industry and of preventing all future depressions. No system of unemployment insurance, however comprehensive, could do this. We can hope and expect only that unemployment insurance will help to maintain wage levels and will exert some stabilizing effect upon our industrial system. We may hope also, I believe, that it will help in bringing about a more equitable distribution of income than we have had in the past or have at the present time.

Our primary concern now must be to secure the best possible plan in order to save ourselves the necessity of making sweeping and widespread changes later. It is wise now to initiate the type of plan which we wish to continue. To this end, we must use to the full the experience of other nations and of our own best-informed leaders and students in the field of social insurance.

There are certain portions of the bill now being considered which I wish very much to see amended. First, in title IV, which provides for a social-insurance board to act as the policy-making and administrative agency of the entire social-insurance program, I should like to see an amendment which would provide for labor representation

on the board. With such labor representation on the social-insurance board, the wage earners of the country will feel that their interests will be more adequately protected and this, in turn, will tend to insure confidence and satisfaction.

There has been much discussion in recent months of the relative values of the grant-in-aid or subsidy plan and the Wagner-Lewis plan, the one now being considered by the committee. Labor favors a national unemployment-insurance measure. Such a measure would establish fair and equalized competitive conditions, insofar as the costs and the benefits of unemployment insurance are concerned; it would establish a uniformity of standards which could be achieved in no other way. Since such a national measure apparently cannot be adopted under our Constitution, the grant-in-aid or subsidy plan comes closest to fulfilling the desires of labor. In addition, the grant-in-aid plan will lend itself readily to conversion into a national unemployment insurance system if the time comes when it is possible for us to adopt a national system.

The bill we are discussing today places primary responsibility upon the States, and permits each State to determine the type of unemployment insurance it will adopt. But our unemployment problem is not a State problem. Industries extend beyond the borders of States; they reach across whole sections of the country, and even across the entire continent. Labor in the United States is more mobile than in any other country in the world. It moves from State to State, from industry to industry. Capital, likewise, is fluid, and moves freely and easily from one State and from one section of the country to another. Industries shift readily. We have had evidence of this in the recent shift of the cotton-textile industry from New England to the South, and the removal of such industries as fur manufacturing, pocketbook making, and some of the clothing trades from the metropolitan area of New York to the rural districts of New York, Connecticut, and New Jersey. That shifting process is going on. In a society which is characterized, as is ours, by fluid capital, migratory industries, shifting labor markets, seasonal, technological, and cyclical forces, unemployment cannot be looked upon in any sense as a local, State, or even regional phenomenon, to be insured on any thing less than a national basis. The grant-in-aid plan recognizes the national nature of the unemployment problem and is in line with the needs of both industry and the workers. It recognizes that the States should not be required to serve purposes for which they are not fitted.

The grant-in-aid or subsidy plan of unemployment insurance can more adequately meet the needs of American industries and American workers than can the plan proposed by the present bill.

There is no reason why we should today go through a long period of experimentation in the States. We have the experience of other countries and the advice of our own students and experts to guide us. We do not want 48 different types of unemployment insurance. Wide variations in type of fund, in length of waiting period, in amount of benefits, and length of time during which benefits would be paid, would be highly objectionable and most unsatisfactory. These variations will give rise to great inequalities and injustices. The grant-in-aid or subsidy plan offers the most satisfactory basis for a permanent, national unemployment-insurance program. In addition, the grant-

in-aid plan increasingly assures deposit of the money in the Federal Reserve banks. There can be no pressure under that plan for the deposit of the funds in local banks. If the funds are cared for by the national Government, there will be less danger that they will be subjected to political misuse.

We ought to have higher and more uniform standards than we can secure under the proposed measure. Those uniform standards can be established only through the efforts of the Federal Government. The proposed bill fails, in fact, to establish any standards whatever for State laws.

I presume the theory upon which the bill rests, that is, the basis of the bill, is that the States shall be accorded the fullest and widest opportunity to enact unemployment-insurance measures.

It does not prohibit compulsory employee contributions; it does not fix the length of the waiting period; it does not establish the amount of benefits to be paid nor the time during which the payment of benefits shall continue. The subsidy plan would establish minimum standards, particularly in the basic features of the bill, and those minimum standards would be common to all the wage earners of the country. This plan need not prevent States from experimentation. Beyond the minimum standards, the States will be free to experiment in any way they may choose.

I may explain right at this point to the chairman and the members of the committee that this very vital question was considered, discussed, analyzed, and decided by the advisory council appointed by the President of the United States. That advisory council gave a great deal of time, thought, and attention to this particular subject and, after discussing the matter for quite a long time, a vote was taken and a majority of that committee recommended to the Cabinet committee the adoption of the grant-in-aid plan. I think the vote was 9 to 7, out of 16 members in attendance, so that a majority of the advisory council favored the subsidy plan or the grant-in-aid plan in preference to the credit plan as provided in the Wagner-Lewis bill.

Mr. REED. May we interrupt for just a question at this point, Mr. Chairman?

I should very much appreciate a definition of the grant-in-aid plan. We want to be sure about that. Just what do you mean, Mr. Green, by the grant-in-aid plan?

Mr. GREEN. The grant-in-aid plan is as follows:

The Government itself imposes a tax of 3, 4, or 5 percent upon the pay rolls in the different States. The money is paid into the Treasury of the United States and then out of the Treasury of the United States the Federal Government would subsidize the States, provided the States enacted an unemployment-insurance measure that contained the minimum standards established by the Congress of the United States.

Your bill provides a 3-percent tax to be levied, but instead of Uncle Sam collecting that tax, he gives credit to the employers in the States for such amount as they may show they have paid into an unemployment insurance fund.

The one plan brings the money to Uncle Sam first and Uncle Sam requires the State to make provision for meeting these minimum requirements so that they will be uniform in character and nature throughout the entire country, and when they meet those standards

then the Congress of the United States provides that the Government shall subsidize the State. That is the difference between the two.

There is every indication that there will be less question of the constitutionality of a law providing for the grant-in-aid or subsidy plan than there will be of the present bill, if it becomes law. Congress has power to levy a uniform tax on pay rolls. Congress also clearly has power to appropriate money as grants-in-aid to the States for such a public purpose as that of unemployment insurance, on the terms which Congress may establish, just as you have done in the matter of road building, when, during these years, you have subsidized the States for road-building purposes.

Federal grants-in-aid are an established part of our Federal-State relationships. There is nothing new in this plan, and it avoids experimentation which may be both dangerous and unconstitutional.

I want to make this point clear. Perhaps I did not make it clear when I was just explaining to you briefly the difference between the subsidy plan and the credit plan.

Under the credit plan, the State is given the widest opportunity to enact its own law. It can disregard standards that Congress might set. Under the operation of the law, the Federal Government would be required to give the employers in each State credit for the amount of the tax they paid, regardless of standards.

In the subsidy plan you set the standards. You say to them, "We give you the money when you measure up to our standards." That is the difference. It is just as you did in the road-building plan. The Federal Government said to the States, "We will give you so much per mile for road-building purposes, providing you build this road in accordance with Federal requirements and Federal standards."

The CHAIRMAN. Right at that point, let me understand you clearly. If you had these similar standards, why go to the States at all? Why not deal directly with the beneficiaries? If the State has no control over it, why give it to the State? Why not give it directly to the beneficiary?

Mr. GREEN. Because we have 48 sovereigns here. We cannot do it any other way. The States must enact the unemployment-insurance acts.

The CHAIRMAN. As I understand it, you would leave the State out, so far as setting up standards is concerned. The Federal Government would set up the standards.

Mr. GREEN. That is, minimum general standards; for instance, the waiting period; you can say that in every State law there must be a waiting period of 1 week, 2 weeks, or 4 weeks.

The CHAIRMAN. By a waiting period you mean a period of unemployment?

Mr. GREEN. Yes, before he is entitled to benefits.

The CHAIRMAN. That is what you mean by a waiting period?

Mr. GREEN. Yes. The person must be unemployed for a week or for 2 weeks or 3 weeks or 4 weeks before they get any benefits. But that ought to apply universally all over the country. You can also say that the amount of benefits shall be over 26 weeks in a year; that is the maximum. You can say that the minimum requirement must be that the unemployed shall be paid 50 percent of his

earnings for 26 weeks. To be fair, that ought to apply uniformly all through the country.

The CHAIRMAN. What do you mean by 50 percent of his earnings? You mean that if he was getting $4 a day, he should get $2 a day when unemployed?

Mr. GREEN. No. It means 50 percent of his weekly earnings, or not to exceed $15 a week; that would mean 50 percent of the earnings in the South and 50 percent of the earnings in New York. For instance 50 percent of the earnings of the workers in New York would be greater, probably, than 50 percent of the earnings of the workers in the South, but it would be uniform in character. I am going to get to those recommendations in a few moments, Mr. Chairman.

The CHAIRMAN. Pardon me. I did not mean to interrupt your statement.

Mr. GREEN. I urge, then, that the grant-in-aid or subsidy plan be substituted for the present measure, and that the substitute bill provide for the Federal control of the unemployment insurance funds. In addition, I strongly recommend and urge that standards be written into the bill to be met by any State which secures a grant in aid from the Federal fund. The specific minimum standards which should be included in the Federal unemployment insurance laws are, in my judgment, as follows:

I. Employee contributions should not be required or permitted in any State. There are many reasons why organized labor opposes compulsory employee contribution to unemployment funds. The primary reason is that wages are so low for the vast majority of wage earners that they simply will not permit even very small contributions to such funds. Employee contributions would literally have to come out of the bread and butter of the wage earners. How can workers be asked to reduce their expenditures for living still further, in order to finance insurance against a hazard for which they are in no way responsible, and toward the elimination of which they can do nothing? The cost of unemployment is a legitimate charge in the cost of production. Unemployment is just as much an accompaniment of our present system of production as is any other overhead cost which employers meet.

A second reason why we oppose compulsory employee contribution is that contributions for unemployment insurance paid by employers are ultimately passed on to the consumers, while the contributions of the workers must come out of their net earnings, and cannot be shifted in any way. The workers, who are themselves the principal consumers, will ultimately, therefore, pay a portion, at least, of the contribution of the employer.

It would be unfair to ask the worker to make a double contribution, a contribution out of his wage earnings, out of his pay, and then a contribution as a consumer, because he will be paying the employer's cost then. That is what you would do if you compelled him to make contributions. We know that the cost of workmen's compensation insurance is passed on to the consumer. We know that this pay-roll tax will be passed on to the consumer, and if we make these joint contributions, we will have this contradictory position of the employer paying nothing, passing it all on to the consumer, while the employee will be paying out of his own pay envelop and, in addition, as a consumer.

Workers have borne the entire cost of unemployment in the past. They will continue to bear at least 50 percent of the cost, when they receive only 50 percent of their wages while they are unemployed.

Mr. KNUTSON. Have you any plan in mind that would enable us to raise this money, whereby it would not be necessary to pass the cost on to the consumer?

Mr. GREEN. There is only one other way, and I do not believe Congress is ready to do that. That is, you would have to raise it through a heavy income tax, or a heavy increase in the income-tax payments in the higher brackets, inheritance taxes, and, perhaps, even increase the income taxes still further. I know of no other way you can do it without calling upon the consumer to pay it.

I am proceeding upon the assumption that Congress is not ready to go that far at this time, because it would be such a departure from the policy followed by the older nations, where unemployment insurance has been applied for lo, these many years.

We are following the precedents set in England, in Germany, and in the Balkan States, as well as in Italy, where they have experimented with unemployment insurance for lo these many years! It is based upon the pay roll levy.

I might say, in all fairness, that in England the worker is required to make a contribution, but we think that is unjust; it is not fair. It got started wrong, and the worker has never been able to get out from under that burden. We want to get started right here, and have it in the American way.

Mr. REED. In England and in Germany, in each of those countries, as the fund was depleted, they called more and more on the employees to contribute from wages; is that not true?

Mr. GREEN. No.

Mr. REED. I think that was true in Germany.

Mr. GREEN. No. As the funds are depleted, they appropriate out of Government funds, because they are supplemented by relief measures.

Mr. REED. Was not that the case in Germany?

Mr. GREEN. They may have done that in Germany. I am not clear about that.

Mr. REED. I am sure of that, because I looked it up.

Mr. GREEN. You may be right on that. I will look it up myself. I am not sure about it.

In addition, they will pay indirectly for unemployment insurance through decreases in wages which many employers will institute; or through the failure to receive increases in wages which they might otherwise receive. Since old age is not caused by the employer or the system of production which this country has established, it is only just that the employee should bear a portion of the expense of that insurance.

I agree that the beneficiaries of old-age pensions should make contribution along with industry toward the old-age pension fund.

This is an additional reason why he cannot be charged also for a portion of the cost of unemployment insurance. His wages simply are not equal to the payment of contributions to the two funds. It is my urgent request that any unemployment insurance measure enacted into law contain a stipulation that State laws must provide that the entire contribution shall come from the employer.

That is one minimum standard we should like to have incorporated in the Federal act.

II. The Federal tax on pay rolls which is provided in the present measure is entirely inadequate and should be increased in order that the waiting period may be shortened and the benefit increased, both in amount and in the time during which benefits are piad. Under no circumstances should conditions such as those contained in subsections (*a*), (*b*), (*c*), and (*d*), of title VI be given a place in any measure adopted. Such conditions are vague and unsound and would prevent effective operation of any plan which might become law.

I signed the report of the minority of the Advisory Council on Economic Security, on the question of the amount of the pay-roll tax which should be levied for the purpose of financing the unemployment insurance program. The standards which are possible under the 3-percent pay-roll tax are so totally inadequate that we should refuse to endorse them. The 3-percent tax is recommended on the understanding that it would establish a 4 weeks' waiting period before payment of benefits began; second, that benefit for not more than 15 weeks at 50 percent of the normal wage (but in no case more than $15) could be paid; third, that after those 15 weeks, except for long-time employees, nothing more could be paid.

To increase the benefits, I recommend that the tax on pay rolls be increased to 5 percent. Unless we extend the time for which benefits run considerably beyond 15 weeks, we cannot hope to make benefits cover the time which experience has shown men and women seek work before they find it. The technical staff of the Committee on Economic Security made calculations on the duration of unemployment from tables prepared by the committee's actuaries. The results showed that even in times of prosperity 54 percent of the unemployed wage earners would fall outside the period provided, during which benefits could be paid under a 3-percent tax; 26 percent of these would find work within the long waiting period of 4 weeks, and 28 percent would be out of work more than 15 weeks. In times of depression or extended unemployment, as high as 80 percent of the unemployed wage earners would fall outside the benefit period, while in average times 60 percent would be outside.

Actual studies of the duration of unemployment bear out these statistical estimates. A study made by the Bureau of Labor Statistics covering unemployment in Philadelphia in April 1931 showed that the average person who was unemployed in that month had been out of work for 37 weeks. An unemployment survey in Buffalo, in November 1933, showed that in 1929, 19.3 percent of the unemployed studied had been out of work 20 weeks or more; in 1933 this percentage of men out of work 20 weeks or more had increased to 76.3, while 68.2 percent of the group had been out of work for over a year. In 1928 a field survey was made for the Senate Committee on Labor, under the direction of Dr. Isador Lubin. Even during a time as prosperous as 1928, 42 percent of those who had secured jobs and 55 percent of those who had not, at the time they were interviewed, had been unemployed for more than 4 months.

I therefore recommend that the bill provide for a period of benefits longer than the 15 weeks made possible by the 3 percent tax. I see no reason why, in the richest country in the world, a worker who qualifies under our system and whose savings are undoubtedly ex-

hausted, should find himself forced to depend upon public relief at the end of 14 or 15 weeks of unemployment compensation. This period of benefit payments is pitiably inadequate. If the bill is amended to provide for a 5-percent tax on pay rolls instead of the 3-percent tax now written into the bill, the benefit period could be extended to not less than 26 weeks in any 1 year. We should then be offering economic security to the wage earners of this country which would have real significance. These figures are taken from estimates made by the Committee on Economic Security, based on the experience of 1922–30. Even based on the experience of 1922–33, when a major depression is included, a 5-percent tax would permit 19 weeks' benefit, with a 2 weeks' waiting period, at half the normal wages, up to $15 per week.

I object particularly also to the unreasonably long waiting period of 4 weeks which is made necessary by the 3-percent tax. The British system provides for a waiting period of 6 days. That is a period sufficient for registration and any investigation which may be considered necessary before payment of benefits begin. Wage earners have at best very slender reserves of savings. A period of 4 weeks of waiting must mean only that those savings are exhausted before unemployment insurance begins. I see no reason why this should be. I recommend that such employment-insurance measure as may be enacted into law by the Congress of the United States shall prescribe a waiting period not to exceed 1 week.

May I quote the conclusions reached by those members of the Advisory Council on Economic Security who signed the minority report on the amount of pay-roll tax provided by the bill, as it regards another test of the adequacy of the present bill.

Mr. LEWIS. May I inquire if the minority report is published?

Mr. GREEN. I am not sure, Congressman, whether it is published or not.

Mr. DINGELL. Is it available?

Mr. GREEN. Yes.

Mr. DINGELL. May I ask that it be included in the record? Can you supply it?

Mr. GREEN. Yes; it can be secured, I think, from the Secretary of Labor. All reports, both the majority and minority, upon all questions, were filed with the Department of Labor.

Mr. VINSON. Today is the first time that I have heard anything about a minority report. It occurs to me that that minority report should follow, in the permanent hearings, the majority report. I am at a loss to understand why we were not told by those who have been presenting this matter that there was a minority report. The fact is, of course, that those who have appeared were signatories to the majority report.

Mr. GREEN. I would like to clear up that matter. Perhaps you are laboring under a misapprehension. I am referring to a report of the Advisory Council appointed by the President. That Council was appointed by the President for the purpose of advising the Committee on Economic Security. It was not the Committee, it was not a part of the Committee, but it was the Advisory Council; and the Advisory Council, of course, differed widely and took votes on those measures and reported the results of their votes to the full Committee. That is what I have in mind.

The CHAIRMAN. It occurs to the Chair that unless both reports are made a part of the record, it would be unfair to put either one of them in.

Mr. GREEN. The reports are all available, I presume. The report of the Advisory Council is available and can be submitted for the benefit of the record.

Mr. LEWIS. Majority and minority.

Mr. GREEN. All reports—yes—are available for the benefit of the record, I know.

Mr. KNUTSON. I assume that they are rather voluminous.

Mr. GREEN. No; I think not. I am not sure, however.

The CHAIRMAN. The committee can determine later what it desires to do with those.

Mr. GREEN. I am quoting from the minority report of this advisory Council on the question of the pay-roll tax. This minority favored a 5-percent tax [reading:]

> From another angle, the adequacy of the majority proposal was challenged, by offering tables prepared by the technical staff of the Committee on Economic Security. These compared the protection proposed under a 3 percent plan for the United States and that afforded throughout recent years by the standard benefits of the British system of unemployment insurance which has a combined 4½ percent basis. Earning $2 a day or its equivalent, either American or British worker would lose $208 in wages if out of work for 4 months. It was pointed out, if eligible, under the proposed Federal act the American worker would be assured a total of $80 in unemployment compensation. The British worker, if single, would fare about as well; but if married, with 3 children, the family man would get $130 in the same period; and if allowance were made for relative purchasing power, he would get $156 against the American $80. In the higher wage brackets, the American would come off favorably with the British as long as his compensation lasts, but in any case that is only part of the picture. The general run of American benefits would be cut short at 14 or 15 weeks, while the British standard benefits begin after 1 week's waiting period (against the 4 proposed for the United States of America) and run up to 26 weeks (against 15).
>
> An employee with a long work record in America might qualify for half a year; in England, for a full year.

The British system of unemployment insurance has now been in effect for 24 years. I believe that their experience should be used by us in every way possible. If England has been able to maintain all through the post-war depression a coverage such as it has maintained—and which it is even now liberalizing—surely the United States cannot be content with the meager coverage proposed by the present bill. Since no benefits are to be paid under the unemployment-insurance system until 1938, by which time recovery is taken for granted, it would seem that we cannot offer to our wage earners less, in those times of recovery, than England has been able to maintain during depression.

III. I recommend that neither company reserves nor industry reserves shall be permitted, but that the bill shall provide for State pooled funds only. In regard to the danger of individual company or industry reserves I cannot be too emphatic. Such reserves will be of benefit only to those employers whose risks are low, and will be taken advantage of only by those employers. Plant, company, or industry unemployment reserves are not unemployment insurance. I am of the opinion that the States should be given a certain freedom in the choice of the plan which they adopt, but I am of the conviction that there must be limits of choice fixed by the Federal Government, and that those limits of choice fixed by the Federal Government must not include plant or industry reserves.

That is another standard that the Federal Government can set up if Congress agrees to it, that the State law must provide for the pool plan. That would be a requisite in order to be entitled to a subsidy from the Federal Government.

If we leave it to the States, we will have some States with a pool fund, we will have other States with reserve plant funds, and it will be just like our workmen's compensation laws, hit and miss, here and there, with the worker going from one State to another being subjected in one State to a plant reserve and to a pool fund in another. But if Congress sets up the standards which should be uniform in their application, you will find that each State will respond and incorporate in its unemployment-insurance law these simple standards:

First, a waiting period of a week. You put that in.

Second, you establish the pool-reserve fund.

Third, you provide for a limit of 26 weeks.

These are simple standards. They can be set up by the Congress in the bill in order to make the States eligible to receive a subsidy out of the Federal Treasury.

Mr. DINGELL. And now is the best time to establish this?

Mr. GREEN. Right now, when we are starting.

Mr. LEWIS. With respect to the pool by a State, under the British system all of the funds are pooled for all of the trades; there is but one national fund. Is that a correct statement?

Mr. GREEN. I think so. But we have 48 sovereignties here, you know, which makes it a little difficult.

Mr. LEWIS. But they do not distinguish even between the trades.

Mr. GREEN. That is correct.

We have seen company reserves tried as a method of unemployment insurance. There is no reason why experimentation should go so far as to try again something which has not, and of its very nature cannot, prove satisfactory. This plan lacks the first and most important principle of insurance—namely, the distribution of risk and burden. The withdrawal of the "better" employers and industries from the State-pooled funds would seriously weaken the State funds and endanger the employees who are working for the companies left in the pool.

There is a serious menace to organized labor in the individual company reserve. Employers who are strongly opposed to the free and independent organization of trade unions will be able to use their company or industry reserve as a weapon in their fight against unionization of their employees. They might offer slightly higher benefits, or pay benefits for a little longer period, upon the understanding that their employees remained unorganized; they could use their unemployment reserves around which to build a company union, and thus prevent the growth of bona fide trade unions. Speaking for the American Federation of Labor and the millions of workers who are members of that Federation, I protest most emphatically against any provision which permits a State to set up unemployment reserves on the basis of company or of industry.

IV. I further recommend that any unemployment-insurance law adopted shall provide that benefits shall in no case be less than 50 percent of the normal wage, with payments up to at least $15 per week.

That is a standard that can be set in the Federal act. If you do not establish in the Federal act a requirement that the States must conform to, you will find that many States where our liberal forces are not strong, where social-minded people perhaps are not so numerous, where they do not possess a social conscience, they will adopt an unemployment-insurance measure that will provide for the payment of the most meager sums and those liberal forces in the State will be unable to prevent it. But if the Federal act says that the benefits must be 50 percent of the earnings of the wage earner, not to exceed $15 a week, and if you must put that in your law in order to secure subsidy from the Federal Government, the State legislature will put it in. That is the only way by which you will be able to get uniformity.

I do not consider a maximum benefit of $15 a week satisfactory, particularly to the higher-paid workers who have established high standards of living. I should much prefer a maximum of $25 per week, and I should also like to see a minimum fixed below which unemployment benefits could not go. I would like to see it bottomed, that you could not go beyond a certain point. But I realize that in an initial unemployment-insurance law we cannot have all of the conditions we shall ultimately expect and demand in such a law.

So that my opinion is that we will have to wait until we pass through this beginning, this preliminary stage, this purely experimental stage, and then, perhaps, we can build beyond that so that greater economic justice will be done.

Mr. HILL. Just what do you mean by that, Mr. Green? Wait for what? You say you do not expect anything now. Just what do you have in mind?

Mr. GREEN. I think I explained part of it. I think that we have built up American standards for wage earners here that are so high that it would be difficult for a worker, having established such standards, if he became idle, to live on $15 a week. I should like to see the unemployment benefits built up so that he could at least approximate his living standards and maintain them. That is what I have in mind.

It is more important, in the beginning, that the period of the payment of benefits be extended and that the waiting period be cut down to one week, than that weekly payments shall be increased to the amount we shall reach in the future.

The question of a reinsurance fund has been given much attention in the discussions of the past few months. Different industries and States are subject to varying degrees of unemployment. In November 1934 the building trades, for example, reported 69.6 percent of unemployment; the service trades, 28.9 percent; mining, 35.9 percent; manufacturing, 29.8 percent; and trade, 19.9 percent, with agriculture 3.7 percent. This wide divergence in the amount of unemployment in different industries is one of the most difficult problems which must be met in any system of unemployment insurance. Some States, because of the nature of their industry, will carry much heavier burdens than others. Whether a Federal reinsurance fund is the solution of these problems, I cannot say. I recommend, however, that an investigation and study be made of reinsurance, in an attempt to determine whether this is the method by which to arrive at the creation of a broad, guaranteed, and well administered unemployment insurance system.

Mr. Chairman, I shall have to pause. I have taken more time than I should, at the moment.

The CHAIRMAN. Have you completed your main statement?

Mr. GREEN. On unemployment insurance. I have not referred to old-age security as yet.

The CHAIRMAN. Do you desire to be heard on those provisions?

Mr. GREEN. Either that or I shall be glad to submit my statement in the record for your consideration.

The CHAIRMAN. Would it be convenient for you to return for questioning by the committee at some future time?

Mr. GREEN. I shall be glad to. I merely make this statement in conclusion, that I know there are friends of unemployment insurance, those who believe, like me, in a social-security plan, who will differ, perhaps, upon the question of employer and employee contribution. They are honest in their difference.

Some of them believe the employee should contribute in order to make him an interested party. That never appealed to me; others for other reasons.

I have tried to present to you the American Federation of Labor point of view. We feel that the employee does contribute. He contributes through a loss of earnings for a week or four weeks during the waiting period. In addition to that, you introduce an element of injustice into a plan that requires him to pay out of his net earnings and also pay part of the employer's contribution.

I thank you very much for the privilege of coming, Mr. Chairman and gentlemen.

The CHAIRMAN. We thank you for your appearance and the statement you have made to the committee. You can arrange at your convenience to appear at a future date.

Mr. GREEN. I shall try to come later in the week, if that is agreeable to the committee. I have a lot of engagements.

The CHAIRMAN. That can be arranged.

Mr. GREEN. I will have Mr. McGrady keep in touch with your committee, and will come at your convenience.

Thank you very much.

The CHAIRMAN. The next witness is William Leiserson, chairman of the Railroad Mediation Board.

Mr. Leiserson, will you come forward, give your name and address and the role in which you appear, for the record?

STATEMENT OF WILLIAM M. LEISERSON, CHAIRMAN NATIONAL MEDIATION BOARD

Mr. KNUTSON. Where are you from, Mr. Leiserson?

Mr. LEISERSON. From Ohio. I was formerly chairman of the Ohio Commission on Unemployment Insurance, appointed by Governor White in 1931 and reporting to the legislature the so-called 'Ohio Plan of Unemployment Insurance" in 1932.

I want to address myself only to the unemployment-insurance part of this legislation.

I acted in the technical board, working with this President's Committee on Economic Security. But I worked only on the unemployment-insurance part of the legislation and not on the other parts of the legislation.

To give you the idea of the technical board in framing the unemployment-insurance provision, perhaps I can make it plain by stating, first, that the idea of this title that has to do with unemployment insurance is that it is purely an insurance measure.

Now, an insurance measure implies that you do not provide for the people who just had their house burned down.

That is to say, this insurance measure obviously cannot provide anything for the people who are now unemployed. They were not insured before. Therefore, when the calamity hit them, there was not anything to pay them out of. There is no insurance fund, so that those people who are now unemployed have to be taken care of, as you have had them taken care of, through doles or through employment on public works, or various other provisions.

This measure is designed for the future, that some provision shall be made in the future for the people who either are working now or who are going to go back to work, when in the future they will meet this calamity again. I think that is very important to bear in mind, because there has been some criticism of this bill from the point of view of not providing for the people who are now unemployed.

Secondly, if you are going to provide in the future insurance—and that is what this is based on—you obviously cannot put a tax on incomes or on inheritances or on anything else, because then it would not be insurance. Insurance implies that people who have the risk shall pay a small sum in advance to take care of that risk.

That brings us to the question as to whether the employees should pay or whether the employer should pay. As the general principle I agree with Mr. Green, and it is in this bill, that the employer only shall pay the 3-percent premium to take care of the risk that is industry's risk, just the same as when the property of any business does not operate. If the steel industry is operating only 50 percent of capacity, that does not mean that the steel industry is liable to pay only for that part of the machinery that is working. The fixed charges on that business say that all the money that is invested, or the plant, has to pay its fixed charges, regardless of the fact that half of it is not operated. To give you another example, when half of the freight cars are not operating, they are idle, unemployed, on side tracks, the bonds issued for the payment of those freight cars have to be paid just the same.

Similarly, when an industry lays off half its people who were working on those cars, some provision has to be made by the industry to keep those people in shape and keep them from deteriorating the same way as you want them to keep the cars and the machinery from deteriorating and so the charge should be on industry. It is obviously a cost of production. In the same way, these lights in this room, for instance, are lit by current from the power house down there, which works most of the time in the evening. During the daytime, especially in the summer months, half or more of the plant is idle. When we fix rate on that, the court compels us to pay a return on all the capital that is invested in there, on the unemployed capital as well as the employed capital, and not only on the part that happens to be working at any time of the day.

Similarly, this insurance principle is based on the idea that when wage earners invest their labor in an industry, there are certain overhead charges that the industry must have for labor as well as for

capital. One of those overhead charges is unemployment of those who have to wait for a while until things turn up again. This insurance charge is a charge to meet that overhead expense.

Now, the question arises, will 3 percent pay the whole expense. Not a bit of it. Three percent is a premium to the State for the insurance in exactly the same way as you and I pay for our life insurance. I happen to have a very large family and every insurance man that I speak to tells me that I have an entirely inadequate insurance coverage, that I ought to carry at least $200,000 of insurance on the basis of the size of my family to protect it. But I do not carry one-fourth of that. Why not? Because I cannot afford to pay for it. That is the only reason. If I could afford to pay more I would pay more.

Similarly, here, if in your judgment, gentlemen, industry cannot afford to pay 4 or 5 percent insurance on 9 percent, then you ought to fix it at what they can properly afford. In our judgment, as we worked on this thing, we felt that now, beginning in 1936, industry can afford to pay 3 percent and not much more than that. However, I think all of our committee would agree with you if you found the fact to be that industry can afford 4 or 5 percent. We will not quarrel with you on that at all.

If it is insurance, and you bear that in mind all the time, then there is no magic about insurance as to how much the people will get in the way of benefit. They will get just as much as 3 percent will buy, not a cent more. The 3 percent, when you figure it out actuarily over a certain number of people, with certain risks of unemployment, will buy just so much insurance, and not a cent more. We have figured out that 3 percent will buy 50 percent of normal earnings after a waiting period of 3 or 4 weeks, and then for a period of about 15 or 16 weeks the maximum of $15; so that if a man earns more than $30 a week, he will get only $15 as his maximum.

If it is found in practice that 3 percent will buy more than that, you will be able to pay a little more. If it is found in practice that 3 percent will pay less, you will have to pay a little less. The point is that you cannot have 3 percent and then provide 20 or 26 weeks of unemployment benefits, because the 3 percent will not go that far. And so, in the report of the Committee on Economic Security, you will find a little table on page 13 in which it tells you how much 3 percent will buy, how much 4 percent will buy, and how much 5 percent will buy in the way of waiting periods and how many weeks of unemployment benefits can be paid.

Mr. KNUTSON. From what document are you reading?

Mr. LEISERSON. Report to the President of the Committee on Economic Security, page 13.

Similarly, a little more in detail, that problem was handled by the Ohio Commission on Unemployment Insurance, and on page 34 of the Ohio commission's report, which I will be glad to leave with the committee, you will find a table in which our commission in Ohio calculated on the basis of the data in Ohio just how much insurance can be bought for 2¼ percent of the pay rolls, 2¾, 3, 3¼, and up to 5½ percent. You can buy varying amounts of insurance, and no more.

Mr. VINSON. Will you include that table in your testimony?

Mr. LEISERSON. Yes; I will be very glad to do that.

The one point that Mr. Green made that has a bearing on this I would like to answer, namely, that if you permit the bill to stand as it is with each State enacting its own laws, he says that it will be possible for a State not to pay out 5 percent of the wages up to $15 a week, but to pay very much less than that. I do not think that is possible, and for this reason, that the bill before you provides that a condition of approval by the social security board of any State plan will be that every cent of the money collected; that is (90 percent of it; 10 percent is taken by the Federal Government), 90 percent of the money collected within the State on a 3-percent tax shall be paid back to the people in that State who are covered by the insurance. You have to pay all of the money collected in the State except the 10 percent of it to the people who are going to get the benefits.

If you have a 3-percent fund in a State like Ohio and you levy a Federal tax of 3 percent, then if the State levies a tax of 3 percent for the purpose of carrying its insurance, that tax is remitted, but the remission is on condition that every cent of their money collected by the State of Ohio goes to the unemployed people under the rules of the law of that State. Then, if the 3 percent is all paid out, it is bound to work out on the amount of insurance that 3 percent will buy, namely, 50 percent, with a maximum of $15 for a period of about 15 or 16 weeks after a waiting period of 3 or 4 weeks. So that it would not be possible under the bill as it stands for any State to undermine those standards, because they would have to pay out all the insurance that 3 percent will buy.

I would like now to address myself for a moment to the question of a national scheme or a subsidy scheme or a State scheme. This bill provides the beginning of a national system. As you know, it provides for this Federal tax which may be remitted if a State adopts an insurance law. I can tell you why I personally did not favor on this technical board a national system at this time. Everybody who studies this question knows that it is better to have one uniform national system. Everybody knows that it is better to have one uniform national system of workmen's compensation. I personally think it is better to have one uniform system of national education. But we cannot have that in this country if we are going to work under the Constitution. There are certain things that are left to the States, and one of those things is education. Another is the working conditions within the State factories or State places of employment. I would not like to jeopardize the question at this time on some lawyer's argument that may be we can support a national system, when everybody knows that regulating working conditions has been up to the present always considered a State system.

Now, the question comes up of a modification of the national idea, namely, let us have a national tax, with the Federal Government setting up the law, giving subsidies to the States if they will adopt the Federal law. I think the objections are exactly the same. If the State of Missouri or the State of Kansas, that has agricultural conditions very largely, does not feel that it can regulate its industrial conditions on the same terms as the State of New York or the State of Ohio might, and wants to have a different kind of a law, the Supreme Court has said in the child-labor cases that you cannot under the guise of a Federal regulation regulate conditions within the State. May be they will not hold that now. But I felt, and most of the members of

the committee felt, that we cannot jeopardize this step that needs to be taken now on any theoretical argument about what the Supreme Court might do or might not do.

There are now meeting 44 State legislatures. Most of the industrial States—New York, Pennsylvania, Ohio, Illinois—most of those States, have bills ready with the Governors recommending unemployment insurance laws, and they can pass them now if they only knew what the Federal Government is going to do. If the Federal Government starts discussing a national system, so that it will not be necessary for the State legislatures to act, then the State legislatures will adjourn in 90 days and some of them will not meet again for 4 years. Most of them will not meet again for 2 years.

Here you have the situation where each State, that feels the problem is pressing now and is ready to enact a law, will enact that kind of a law, and even if the Supreme Court should hold that this tax is unconstitutional, it would, nevertheless, not upset any law passed by the States, because the States are establishing the laws on their own authority as sovereign States. As a person who is interested in seeing a national system set up as soon as possible, that is, let all the States be covered by unemployment insurance, I say we will make progress faster if we let those States who are ready to act now begin and enact their own laws under the general authority that you might have under this Wagner-Lewis bill, and then, as they have experience in operating these laws, we will be in a position to spread those experiences to the States that are not yet ready. And after all, you will not get a national system operating, from an administrative point of view, for 10 or 15 years. This is a thing that is looking for the future, and anyone who knows anything about administration knows that the mere fact that you enact a law in the Congress does not make the thing work out as you enacted it until there has been a lot of bitter experience and experimentation and administration to get it working over a very wide area.

There is another reason for leaving it stand as the Wagner-Lewis bill, because this tax of 3 percent is calculated very largely on the actuarial study that was made in the State of Ohio. The Ohio commission employed an actuary, and fortunately we had in Ohio data secured under the workman's compensation law that could actually measure the amount of unemployment over a period of something like 13 years. On the basis of that study we found what 3 percent would buy; what insurance a 3-percent premium would buy in Ohio.

I venture to say that 3 percent in a State like New Mexico will not buy half the amount of New York, because you have not as many people, you have more specialized industry, you have an entirely different set-up. One standard for what 3 percent will buy all over the country will not work out on an actuarial basis. If you try to give for 3 percent in a State like Kansas or New Mexico the same that you give for 3 percent in Ohio and New York, you will have to take money from other States and pour it into these States, because 3 percent will not buy that much. We have to let each State begin administering this kind of an act and begin to collect the data on which you can make an actuarial calculation for that State alone.

Now the question arises about the absence of standards in this Federal law. This law does not tax the employee. I think that is right. But since it permits the States to set up any kind of a law

they please; we in Ohio, for example, recommended that 2 percent shall be paid by the employer and 1 percent by the employee. I would like to inform you that the Ohio State Federation of Labor indorsed that bill.

If the public sentiment in a State thinks it is wiser to split that 2 percent for the employer and 1 percent for the employee, or 3 to 1, or whatever it is, and if the State has the right to regulate its condition, I do not think it would be wise simply because you and I think that is not the wise way to do it, to impose standards here in Congress that will force the States to follow our ideas rather than their own ideas on the subject. They ought to be allowed that measure of self-government as long as all the money that is collected will go to the employees in the end. There are arguments on both sides on that question of the contributory or noncontributory system.

I do not know that I have anything more to say on the bill itself. I imagine it was explained to you in detail how it worked. I have been trying to give you only the outline of what it is—it is an insurance measure—the purpose of it, and how it is bound to operate.

But I want to add this only: Under this plan it would be possible for a State like Wisconsin to go on with its own plan. I think it would be very unwise now, although I am very much opposed personally to the Wisconsin plan. I think it is not a good plan, but the people in Wisconsin seem to think it is a good plan.

Mr. KNUTSON. Will you briefly explain the Wisconsin plan to us?

Mr. LEISERSON. The Wisconsin plan differs from the Ohio plan in this:

The Ohio plan is strictly insurance. All of the money that is collected in contributions, 3 percent, say, of the pay roll, is put in one pooled fund, one insurance fund, and the benefits are paid out of that fund, so that it works like any other insurance company. I have carried Travelers insurance for 25 years and I have never collected a cent. My money has been used to pay for the accidents of the fools that will have accidents. But I do not think that is bad, because that is the principle of insurance. When I am foolish I will get somebody else's money or maybe some of my own.

The Wisconsin plan goes on a separate principle. While all the money will be put into the State, the State unemployment commission will keep a separate account for each particular employer, so that the employee who is out of work will be entitled only to draw benefits from the funds that his own employer or employers paid into it. If he worked for three or four employers, he begins to draw benefits from the last one first, the next, and so on, but his benefits are limited to what his own employers paid in. Therefore, it is not insurance. In other words, his employer laid in a certain amount of money, and he can collect that amount of money. Whereas, if all these different employers' funds are pooled, then you are able to buy more insurance with it. It is the same difference as if each of us saved in a bank—or to make the analogy a little more close, suppose all of the people in one block decided to insure themselves against fire by keeping all of their money in one bank, and not purchasing insurance with it, laying aside a certain amount, and then they will draw out of that fund; whereas if they insure with other people all over the country in a large insurance fund the insurance will be cheaper and they can get more money because the risk is spread over a very much wider area. That is the essential difference between the Ohio and the Wisconsin plan.

This bill permits a State, if it so desires, to experiment with the Wisconsin plan, except that each employer must pay at least 1 percent into the pool anyway, but it permits that experimentation if they so desire. No matter how strongly I feel that the Wisconsin plan is wrong, I have to admit that reasonable people in that State think it is right, and the Ohio plan is wrong; therefore, they have a right to experiment with their way. I would not like to see Congress at this time lay down a rule that would compel the States to act just one way and not another way.

Mr. LEWIS. You have pretty well covered the question I was going to ask. The Ohio law does provide for the pooling of all receipts?

Mr. LEISERSON. Yes, sir.

Mr. LEWIS. Under this bill by a system of credits under State legislation the particular employer with reserves might excuse himself from paying anything into the fund except the 1 percent, conceivably?

Mr. LEISERSON. Well, there is a little more protection than the 1 percent.

Mr. LEWIS. I will have to make a little preliminary statement:

As lawmakers we are concerned in the total unemployed of the United States, not in whether the employees of a particular concern may have their employment regularized, although the subject has been a seasonal one in the past, but that the greatest number shall share in this employment. Now, if under a company-credit system, an employer can cut down his tax from 3 to virtually 1 percent, the minimum he is required to pay, he is under a motive to so organize his employment that he will have a minimum number of persons work the longest possible time, and that may lead to furloughing of employees not now furloughed.

Mr. LEISERSON. Mr. Lewis, that is the way I feel about it, but I would like to give you the answer that the Wisconsin people would give you to that.

Mr. LEWIS. Is not that the fact in the situation, Dr. Leiserson?

Mr. LEISERSON. There is this: Their answer would be that while it is true that the employer would be able to get a remission of the tax up to 1 percent which he has to pay, the purpose of that remission is to provide a stimulation for the employer not to lay more people off, because the moment he lays them off his obligations in the fund become greater.

Mr. LEWIS. For 15 weeks, then he is over with it.

Mr. LEISERSON. Yes, that is true. But then after that he is trying to reduce his expenses in that fund, and that stimulates him to regularize his employment. That is their answer.

I personally believe that if an employer is foolish enough to wait until he has this incentive for regularizing this employment he would not have sense enough to regularize even if he wanted to, because the employer had plenty of incentive without this to regularize his employment. Every employer that is successful in managing his business is trying to make his work as steady as possible. He is not sitting around waiting to get an exemption of 1 or 2 percent from this kind of a thing before he will start regularizing. So that I agree with you entirely, Mr. Lewis, that there is not much in the argument that this will stimulate regularization of employment. But it is only fair to say that those who believe in the Wisconsin plan hold that you need that kind of an incentive to spur the employer to regularizing his employment.

The CHAIRMAN. Under the Wisconsin plan and the Ohio plan how many people must be employed before this tax is imposed?

Mr. LEISERSON. The Wisconsin law now provides that it shall apply to all employers having 10 or more employees, but the Ohio law was modeled on our workmen's compesnation law and will apply to every employer with 3 or more employees.

The CHAIRMAN. You speak of employees being laid off. In a case where they lay themselves off, where they have employment and voluntarily quit on account of some disagreement as to hours or wages or terms, how would this law apply?

Mr. LEISERSON. Every unemployment-insurance law provides—and this makes provision for such regulation—that the net benefits of unemployment compensation that is paid shall be paid only to those who are unemployed as defined in the act. That is to say, when a man is out of work he registers at an employment bureau for a job. He is not considered unemployed on the day that he is laid off at all. If he does not go for a week after being laid off and register himself at the United States Employment Service or the State branch of it as unemployed, that is not counted as unemployment.

His unemployment begins on the day that he says at the unemployment office, "I have no job, but I am looking for one." Then the obligation of the employment office begins, and, as well, the obligation on the man himself. Both must try to find another job. The employment office is in the business of connecting him with other jobs. The employment office informs him that he must look on his own efforts also.

The CHAIRMAN. You continue to speak of being laid off.

Mr. LEISERSON. Yes.

The CHAIRMAN. The question I asked was if he voluntarily quits his job.

Mr. LEISERSON. If he voluntarily quits his job the situation is the same. If he does not report at an unemployment office looking for another job, he is not unemployed, whether he quits himself or not; so only when he appears at the unemployment office is he counted as unemployed.

All right; suppose now he voluntarily quits and runs the next day to the employment office.

The CHAIRMAN. But suppose he complies with the law and waits a week.

Mr. LEISERSON. There is no law that he shall wait a week. The law says he shall come as soon as possible to the employment office. If he does not come for a month his unemployment will not date for a month. It is only when he happens to come. If he does not come at all he is not unemployed so far as the law is concerned.

Suppose a man voluntarily quits and goes to Florida; he is not unemployed under this act, because he has not registered at the employment offices as being unemployed. Suppose he gets another job. He has not registered at an employment office as unemployed and he does not appear. But suppose he voluntarily quits and comes to the employment office and says, "I do not have a job." They ask him, "When did you lose your last one?" He says, "I quit yesterday." They will say, "If you quit yesterday, you gave up your own job and you are not unemployed under this act." "Well", he says, "I am looking for another one." They say, "All right, we will help you get

another job." And if they get him another job within the 3- or 4-week waiting period, then he does not have a thing coming to him.

The CHAIRMAN. Suppose they get him the same one he left, and suppose he refuses to go back.

Mr. LEISERSON. Then he is entitled to no return. They may call up the employer and he may say, "We have a job for this man", and this man may say, "I do not want to go back", and will not give a reasonable reason for not going back. He may say and it may be proved to be true that there is some danger to his health, or something like that. But if there is a job for him there the employment office says, "You go back to your job. We cannot register you."

The CHAIRMAN. Suppose there is a disagreement between the employee and the employer, and he is not satisfied with the hours he must work or with the wages he receives, but the employer thinks he is paying him all he can afford, and he quits his job under those circumstances.

Mr. LEISERSON. Here is what we do:

The place of paying the benefits under the laws as they are worked out in the various States and that are employed here is the employment office, and he will have to register at that employment office. The director of that employment office makes the initial decision as to whether this man is entitled to benefits or not, whether he ought not to go back to work. The director of the employment office may say, "You have to go back to that other job." Suppose the man disagrees with him. It is provided that there shall be around each employment office a committee made up of representatives of employers and employees that is a review committee to decide such questions in dispute. Many questions of that kind will come up. A man will say that "the job I have to do here is beyond my strength." It is left to the committee, equally representative of employers and employees, right in his home district where they know him, to make such decisions in the first instance.

The CHAIRMAN. You realize also that there is a class of employees that never do satisfactory work with an employer, what we sometimes term "no account." They are just not qualified to do any kind of work in a satisfactory way.

Mr. LEISERSON. Yes.

The CHAIRMAN. They could not hold a job no matter how much the employer desired to keep them.

Mr. LEISERSON. There is where my original definition of insurance comes in. If a man cannot hold a job he cannot be insured. His problem is not unemployment; it is something the matter with his head, his character, or something else. You need another remedy. Insurance is only for those people who work and in whose behalf the employer contributed for at least 26 weeks. If this fellow could not hold a job more than 3 or 4 weeks and be out, you cannot insure him. Some people object to it, that insurance ought to cover everybody. Well, you might as well say that a fellow who is crazy and goes around with matches lighting things ought to be insured, too. Insurance cannot cover such people. It is just the same as when a man may be too sick to work. He may have only one leg, and therefore not hold a job. Insurance is no remedy for him. We have to have a different remedy for people who lack character, ability, or strength to work. Insurance is designed for those people who ordinarily make their living by their own efforts.

That means that probably only around 60 percent of the wage earners will be covered. I think about two-thirds. Some people say it will not cover more than 50 percent or 55 percent of all the wage earners. But we need not argue about that; say that it will cover only 60 percent of all the wage earners. I say that is why it is very important to pass an insurance act. Those who are ordinarily casual workers do not work steadily. They appear on the charity rolls in good times as well as in hard times, and they are already subject to charity. Something is the matter with them and you cannot help them a great deal with insurance.

But that 50, 60, or 70 percent of the people who are self-supporting, who maintain their families all the time, are the people that we want to keep from ever getting on a charity roll. It is very much more important to see that those people in a self-respecting way get their insurance than it is to take care of all the others, because those are the backbone of your citizenship, those who normally support themselves by their own wages.

It is not a relief problem when they are able and willing to work. Say there are only 60 or 70 percent of them. When 60 or 70 percent of them are able and willing to work and then something happens so that they cannot get work no matter how they try, to say to those people, "There is something the matter with you, and therefore go to charity", is a very great injustice. There is something the matter with industry, and we ought to say that "here is a fund at the cost of industry out of which you can draw an income, a meager income to be sure, that will keep your family together."

I would like to show you that that is just what we do with respect to workmen's compensation. We have workmen's compensation in all the States now. We do not pay people for accidents. If a wage earner has a toe chopped off we do not pay him for the toe ordinarily; we pay him for two-thirds, or 60 percent of the wages lost on account of that accident. That is the way the compensation industrial accident loss will be. If a man meets with an accident he gets medical care, and then he gets a half or two-thirds, whatever the State law provides, of his ordinary earnings to make up for his lost time, not for the accident. In other words, to make up for his unemployment on account of the accident. If a machine chops off his toe we pay him unemployment insurance, but if a machine chops off his job we say he ought not to get unemployment insurance. I am trying to have the principle that we apply when he chops off his toe and he cannot work apply the same way when it chops off his job and he cannot get another one.

The CHAIRMAN. It seems to me you take a very fair and commonsense view of what should be included in this law and how it should operate.

As I understand it, in your understanding of the insurance system, the unemployment insurance, you do not think it would take in or provide for this class. There is always a large number of people in this country who are unemployed because they will not work. They would not work if you could give them a job.

Mr. LEISERSON. No, it cannot. That is not insurance. That is charity. That is giving them money. The basis of this whole thing is that the State makes no contribution. The employer contributes 3 percent of his pay roll. For whom? For the people that work for

him, for each week they work for him. If these people did not appear on the pay rolls as bona fide workers for 26 weeks to build up a fund, the insurance would not cover them and should not cover them. They are a problem just as your old people are a problem. It is not a remedy to tell the old people who are too old to work, "You ought to go and get a job". You have to handle them in a different way. These people who lack mental or moral or physical qualities and cannot or will not work, cannot have their situation handled by insurance. It is not their problem.

The CHAIRMAN. The worker who is not efficient and competent would not be embraced in this system?

Mr. LEISERSON. The inefficient and incompetent would not be embraced if the employer did not keep them working for a year or 2 years. The idea is, there are no inefficient or incompetent people working in all our factories. If they are working and the employer keeps them, and they are on his pay rolls, we assume they are competent or he would not keep them. It is only when they are so incompetent that he kicks them off the pay roll and they are not on pay rolls; then they would not pay, of course.

Mr. KNUTSON. Right there, you say the employer must pay 26 weeks before the man becomes eligible to unemployment insurance. Suppose the employer had paid for Mr. Blank the necessary 26 weeks, and the day after the necessary 26 weeks were up he developed a serious case of hookworm and he loafed on the job and was fired. What would happen to that man?

Mr. LEISERSON. There is a provision in there, you will find, that a man's benefits should be maximum 1 week of benefit for 4 weeks of payment. Of course, if it were shown that he was loafing; that is, if a bona fide job were offered to him and he did not take it, then he is out, he gets nothing. But suppose he can prove that he had hookworm, he would get——

Mr. KNUTSON. Well, I meant just malingering. Use that word.

Mr. LEISERSON. Yes; If they catch him malingering, particularly if they offer him another job and he does not take it, he gets no benefit. But suppose he even put it over the committee that analyzed the thing, then he would get 1 week of benefit for 4 payments that were made, and then he is through, if he does not work again.

Mr. KNUTSON. That would be 6½ weeks.

Mr. LEISERSON. Yes, and then he is through.

Mr. KNUTSON. You know there are a lot of good men who would throw up a job for 6½ weeks of idleness if you gave them the opportunity.

Mr. LEISERSON. I agree with you, but you are assuming——

Mr. KNUTSON. I am not assuming, I am taking human nature as it is.

Mr. LEISERSON. Exactly. It is also true that a lot of people set fire to their own houses. There are a lot of people who say that things were stolen from them when they have theft insurance, that really were not. There are a lot of people who say that they had industrial accidents. A fellow says he sprained his back when he was lifting a casting in a foundry, and he is trying to make out that he had an accident when he really did not. Human nature is like that. We cannot avoid protecting the 90 percent because there are

always people around who will abuse the necessary protection. All you can do is to try to make sure that your administration is such as to catch those malingerers. But you cannot go on the theory that 70 percent of the people are all malingerers. There is no question of the danger, but that is true in every insurance.

Mr. KNUTSON. What was your experience in Ohio with malingerers?

Mr. LEISERSON. We have not enacted a law. It was merely a bill. It was not carried. But on the workmen's compensation we have some problems of malingering, but those are handled. They are not very serious. They are a very small percentage of the total; a very small percentage of the total.

Mr. KNUTSON. As I understand this measure the employer pays the Federal Government 3 percent of his pay roll.

Mr. LEISERSON. That is right.

Mr. KNUTSON. How will the States raise their share?

Mr. LEISERSON. Exactly the same way.

Mr. KNUTSON. Then if an employer pays 3 percent to the Federal Government and he pays 3 percent to the fund in the State wherein his business is situated, that makes 6 percent.

Mr. LEISERSON. If a State enacts a law calling for 3 percent and he pays the 3 percent tax in the State, he files that receipt with the Federal Government and his Federal tax is remitted. That is what the bill provides.

Mr. KNUTSON. Then you really have only one payment?

Mr. LEISERSON. Yes; one payment only. Let me explain that:

When we introduced these bills in the States, in Ohio and in Wisconsin—20 States have had the bill—industry came in to the State legislatures, and they properly said,

If we in Ohio have to pay 3 percent for unemployment insurance and they do not have anything in Kentucky, Kentucky businesses will take away our orders from us.

That feature of the interstate competition of these industries is a very valid argument, therefore the National Government is interested in this problem, because we are paying that now, only instead of the industries in each State paying it in an orderly way, we are paying it out in the millions of dollars that the Federal Government is appropriating to take care of these unemployed, and we are mixing up the incapacitated and the old, and everybody is a relief case. We are mixing them up with self-respecting working men and handing them all a lot of money. If the Federal Government will say that every employer of more than 3 or 4 or 5 people where there is a modern industrial risk of unemployment shall pay 3 percent, then if a State enacts a law to pay 3 percent, the Federal tax is remitted because he has already paid it. The other State does not enact a law. In the other State the employer is taxed so he cannot chisel on the State that is going forward.

Mr. DINGELL. Thus my reference has been made to those who have been employed and have lost their jobs and then went out and registered with the State employment office. Right at the present time the situation is different. There is an element now of self-respecting citizens who are only too eager to get a job and to go to work. I just received a letter today from a high-class lawyer who went to work pushing a broom or shovel around or tending to some

pumps in the Ford Motor Co., and he was one of the finest lawyers in the city of Detroit, but he was not too proud to work and maintain his family. The majority of the unemployed are of that character. What are we going to do with those people? Are they going to have the privilege, since they are unemployed, and have no connection with any employer at the present time? They, of course, under this act are eligible, are they not, to go and register at the unemployment office of the State agency, and, after a certain waiting period if the State employment agency cannot place them, to reap the benefit under this act?

Mr. LEISERSON. No, sir; no, sir. It would not be insurance.

Mr. DINGELL. If your negative answer, then, is going to stand, it means that probably eight or nine million of our unemployed are not eligible for benefits under this plan.

Mr. LEISERSON. No, sir, again. Now, let me explain that, please. I said in the first place this was an insurance act. This is not an act to solve the whole problem of unemployment. There are some people who are out of work because they are sick. You would not want under an insurance act to have a sick person go down to the employment office and say that he shall get insurance under an unemployment insurance act?

No. Similarly, there are some people too old to work. There are other people who are now out of work, who are able and willing to work, but if they are not now working in a private industry, obviously that industry cannot include them because they are not working there. As fast as they get employment in industry—and I do not believe that these 9 million people are going to be out of work all the time. In December of this year we had the largest increase in employment of any December for 15 years, contrary to the seasonal trend. That is one of the best evidences that people are getting back into employment. Only those people who are at work can be insured. Those who are out of work and do not get back to work for a year, say, will have to be handled with a different remedy. Insurance is no remedy for them. To give them 5 or 10 or 15 dollars a week and name it insurance is just naming a cat's tail a leg and saying the cat has five legs. It is not insurance when you give people who are not working relief of some kind.

As I understand the President's program on this thing, those people who are not back to work will be given opportunities for employment on the public-works program. Their remedy is work, not insurance. As soon as they get on a job, that is insurance. Then the insurance will begin for them.

Mr. KNUTSON. You refer to this as insurance, but several preceding witnesses emphasized the fact that this was unemployment compensation. Who is right?

Mr. LEISERSON. I think that is a matter of words. "Unemployment compensation" is the name for the benefits we receive; just the same as you call the 3 percent a tax, I call that a premium, the premium, you pay for the insurance. The benefits that the worker gets I call the insurance benefit and they call it the unemployment compensation. But the principle is insurance.

Mr. DINGELL. Doctor, we are facing a condition and not a theory. Moreover, it is a condition that we cannot laugh away. It is with us. We have eight or nine million of unemployed, regardless of how they

are going to be taken care of temporarily. You assume, now, for example, they are to be put on the Federal pay roll through public works. Maybe that is not an insurable classification.

Mr. LEISERSON. That is right. Then they would not be insured.

Mr. DINGELL. I make specific reference to able-bodied willing men under 65 years of age because those above 65 will be taken care of by a method of old-age pensions.

Mr. LEISERSON. I agree with you entirely.

Mr. DINGELL. But I am still interested in some remedy. It is the problem of industry, in my contention, regardless of whether the individual is employed now or not, because at some previous time, probably 3 years ago, that man was probably working for an automobile manufacturer, or a typewriter manufacturer, or a stove manufacturer, or in a mine, or aboard a steamship somewhere, but because of the tie-up of steamships and because of a tremendous reduction in employment, that man has been unable to make a connection elsewhere.

Mr. LEISERSON. I agree with you entirely.

Mr. DINGELL. If he gets into a public-works job that is being financed by the Government, that will be a job where he will not be eligible for benefits under this bill?

Mr. LEISERSON. That is right. Now, I want to make perfectly plain not only the men who worked 3 years ago, but I think more important the boys who came out of high school and college and have not had a stitch of work for 3 years, are the worst problem, and a remedy is needed for them, I agree with you. A remedy is needed for them. But when you are seeking a remedy for them—and I have some ideas on that subject, but it is not pertinent here, I think—the only pertinent thing is that insurance is not the remedy for those people. For them you have to provide either work, public work, relief, additional training, or various other remedies.

Mr. DINGELL. But what are you going to train them for, Doctor, if you do not have a job for them?

Mr. LEISERSON. Exactly. Then if training were out, you would have to seek another remedy. I am not objecting to a remedy for them, but do not take the money from the people who have bought insurance and use that money to pay to these people. The Federal Government, if you think it ought to solve that particular problem of those people, ought to solve it. But the moment you mix up the insurance for people who are working with the remedy you are going to give for people who want to work and cannot under any circumstances get work, then you are making both remedies wrong. Keep your remedies separate. I am just as much interested in having something done for those people who have no work as you are, but I would not have this insurance given to these people, because it is no remedy for them.

Mr. DINGELL. Just one more question.

We will assume that there is a law firm which in its heyday employed 15 or 20 more law clerks than it is employing today. Those men are worthy. They are family men. They have certain obligations and responsibilities, and they are willing to go to work anywhere and accept almost any kind of a salary. Under the terms of the pending bill they would not be covered?

Mr. LEISERSON. They would not be covered, and they should not be covered. They need another remedy for unemployment; another remedy.

Mr. DINGELL. They are not covered because they are more or less professional men; is that the idea?

Mr. LEISERSON. No; because insurance is designed for those who are working. Insurance is not a remedy for all the problems. It is only a remedy for one part of the problem, for those who are normally working, and you cannot, until they get a job in industry, handle their problem by insurance. You need to handle it, but in another way.

Mr. DINGELL. Is it not true that the employer now is going to retain his present force—he is going to hold tenaciously to the idea of employing his present force?

Mr. LEISERSON. He is hiring more.

Mr. DINGELL. He realizes that that is going to stabilize unemployment and probably reduce the premiums necessary.

Mr. LEISERSON. But he is hiring them more each month now, if you will look at the index of employment.

Mr. DINGELL. I appreciate that. But at any rate, he is going to try, by maintaining that stabilized condition in his industry and in his factory or in his office, to make it increasingly difficult for these unemployed to ever get hooked up to a job and thereby get unemployment insurance.

Mr. LEISERSON. I just came from a conference this morning where employees and employers sat together trying to work out a way to keep as many men employed as possible rather than lay more people off and keep the work for the few. Efforts are being made to spread work and to employ people. We cannot base our action on one assumption like that.

Mr. BROOKS. With regard to these men that are out of work, and in connection with these employment agencies, you have a man who is out of work and accepts a position with the P. W. A. You have another man beside him who is out of work and looking for a position. That man that accepts the P. W. A. job—does he get preference?

Mr. LEISERSON. He gets no preference at all.

Mr. BROOKS. I say, when you come to select a man to go back into the insurance class, who gets the preference?

Mr. LEISERSON. I do not know. This bill does not cover the point. I imagine an administrative regulation will cover that.

Mr. BROOKS. Would a man, in other words, be punished if he went on the P. W. A., or be neglected?

Mr. LEISERSON. I certainly think he ought not be, but that detail has not been covered. A regulation would have to be made not to punish a fellow simply because he got the job. Yes; I think you are right about that.

Mr. HILL. Mr. Leiserson, you referred to Mr. Green's statement as to the proposition that this plan should be national rather than left to the States, and expressed a fear that there might be some legal difficulties. I want to get, if I may, a little more clearly just the distinction you make as between the jurisdiction of the Federal Government and the jurisdiction of the State government in this matter. You refer to a national system. Do you have in mind the same kind of system that Mr. Green called a "national system", or a grant-of-aid plan or a subsidy plan, when you speak of a national system, or do you mean to have it wholly Federal?

Mr. LEISERSON. What Mr. Green had in mind was—he said that a national system would be unconstitutional, a wholly Federal system, although he preferred that; but he thought that a Federal so-called "grant-in-aid system" by which the Federal Government collected the money and then turned, say, 80 or 90 percent back to the States so that the Federal Government would control all the terms on which the States would operate their system, would be perfectly constitutional, and he preferred it to the Wagner-Lewis bill.

My opinion on the legal aspect of this thing is not worth anything, because I am not a lawyer. My opinion was made up as a practical person who has to deal with these questions. If any questions of constitutionality are coming up, I find on consulting lawyers that there are just as many people saying it is constitutional as that it is not constitutional. Therefore, it will get into the courts; and by the time it gets finally decided in the courts, it may be 2, 3, or 4 years.

I am interested in getting action quickly on this very important problem. If you use the principle of the Wagner-Lewis bill, no matter what the court does the States have enacted their own laws, and there is no question that they have the right to set up their own laws and regulate their own conditions. We might have 10 or 12 States this year enacting those laws.

If later the court decides a national system or a grant-in-aid system is perfectly constitutional, it will be very easy to work those in; but I do not want to lose the opportunity or deny the opportunity to the people of New York, Ohio, Illinois, and Pennsylvania, who want to enact laws now. I do not want to tell them, "Do not enact them. The Federal Government is going to enact one", and then have them tied up in the courts. It is purely a practical proposition. I am no lawyer and cannot pass on the legal questions for you.

Mr. HILL. The provision in this bill for an old-age annuity is wholly a Federal plan, is it not?

Mr. LEISERSON. I tell you I know very little about that. I did not work on it. In the old-age pension where you got 50 percent?

Mr. HILL. The old-age annuity; yes, sir.

Mr. LEISERSON. The annuity is supposed to be on the basis of a Federal plan.

Mr. HILL. It is wholly Federal; yes.

Mr. LEISERSON. Yes.

Mr. HILL. Because the Federal Government imposes a tax upon the employer and upon the employee.

Mr. LEISERSON. That is right.

Mr. HILL. That tax, so far as a particular employee is concerned, is an individual account with and for him?

Mr. LEISERSON. Yes; wholly individual.

Mr. HILL. And he gets the annuity that is paid into that fund to his account?

Mr. LEISERSON. Yes.

Mr. HILL. There is a distinction between that and this unemployment compensation?

Mr. LEISERSON. That is right.

Mr. HILL. This particular provision you are discussing?

Mr. LEISERSON. Yes. The reason for that, I might say, Mr. Hill, is this: That part, the annuity plan, is something that really will not get into operation for many years, because they have just barely

begun. Those people who are old now are going to operate under the State pension laws and the 50 percent subsidy they will get. This annuity plan, since it is something for the future, can very well be tried out in the courts on that basis and no harm is done. There is another reason for the Federal Government handling these older people, because a man may be born in New York, yet die somewhere in California, or he gets old over there. However, it is not something that I am prepared to discuss, because I did not work on it.

Mr. HILL. I am talking about old-age insurance as compared with the unemployment insurance. I am confining it to the insurance features under the two provisions. Now, you take a pooled fund in a State under the unemployment-compensation plan of this bill. That constitutes, as I take it, a mutual-insurance plan among the employers for the benefit of the employees. That is a mutual proposition on that basis, on that theory.

Mr. LEISERSON. That is correct.

Mr. HILL. There might be some question as to whether the Federal Government could put into operation a mutual-insurance plan within a State or within the whole United States, while if it made this plan individually to each employee, and had an account separately for each employee as is done under the old-age annuity plan, it might be perfectly legal, but probably impracticable.

Mr. LEISERSON. Yes. But again the Federal Government does not inaugurate the mutual-insurance plan in the State. It merely levies a tax. The State inaugurates its own mutual plan under this Wagner-Lewis bill. That is why I think it is preferable.

Mr. HILL. That is what I stated. Now, it is your idea that these legal complications should be avoided in order to expedite the operation of the plan?

Mr. LEISERSON. Yes, sir.

Mr. HILL. A grant-in-aid system might be likened, of course, to the Federal aid for public highways, for instance. In that case, however, it is a pure subsidy. The Federal Government has levied taxes, general taxes, and out of the general fund of the Treasury appropriates a certain amount of money which is used as a subsidy to the States in the construction of highways. It does not involve, of course, the question of levying these taxes upon employers or employees to raise the fund.

Mr. LEISERSON. Highways can easily be connected with interstate commerce. It would be pretty difficult to connect manufacturing of, let us say, pocketbooks within a State to interstate commerce.

Mr. TREADWAY. Mr. Leiserson, you are a member of—what is the title of this board you are on?

Mr. LIESERSON. National Mediation Board.

Mr. TREADWAY. No; that is your official position here, is it not?

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. That is a Government place?

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. But I mean the board that you are on in connection with this bill.

Mr. LEISERSON. That is the technical board to the committee. You will find in the report to the committee at the back of the report on page 51 a list of the members of the technical board.

Mr. TREADWAY. The technical board, yes.

Mr. LEISERSON. I am a member of that.

Mr. TREADWAY. Every one of those gentlemen there is connected with the Government, is he not?

Mr. LEISERSON. Yes. The idea was to take those who are employed by the Government now and who have some expert experience on these social-security questions, and put their expert knowledge at the service of the committee.

Mr. TREADWAY. Expert experience?

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. Of what does that experience consist?

Mr. LEISERSON. You mean my own?

Mr. TREADWAY. Well, in general, on that committee.

Mr. LEISERSON. I can tell you my own.

Mr. TREADWAY. What was your experience? Do not be modest about it; speak right out in meeting here.

Mr. LEISERSON. In 1908, after the panic of 1907 and the depression that followed it, the State of New York appointed a commission on unemployment to study the problem of unemployment, and I was then hired to handle the unemployment problem for them. I was their expert on unemployment. That was my beginning of expert work on unemployment. I drafted the New York State Public Employment Service law, which was enacted in 1914. I made a study of unemployment.

Mr. TREADWAY. Workmen's compensation came before that in New York State, did it not?

Mr. LEISERSON. Yes. I might add that the same commission, the Wainwright commission—it was called the New York Commission on Employers' Liability and Unemployment. I worked for them on both problems, but I was the expert on unemployment.

Mr. TREADWAY. That act was enacted previous to the one you are referring to now?

Mr. LEISERSON. Yes; that one was enacted in 1910.

Mr. TREADWAY. Then Massachusetts followed in 1911, did it not?

Mr. LEISERSON. Yes.

Mr. TREADWAY. That is called the "workmen's compensation act"?

Mr. LEISERSON. That is right.

Mr. TREADWAY. That had more to do with accidents.

Mr. LEISERSON. That was with accidents.

Mr. TREADWAY. Yes.

Mr. LEISERSON. But in addition to that, the third report of this same commission that came out in 1911 was a report on unemployment. I wrote that report. We made recommendations that in dealing with the problem of unemployment you have to start with a system of public employment bureaus, and they did not have them before in New York State. The 1913 legislature defeated the bill, but the 1914 legislature enacted it and it has been in existence since.

I then became a member of the United States Unemployment Service under the Wagner-Peyser Act. From there I went to Wisconsin and organized the State employment services in that State and operated them.

Mr. TREADWAY. Similar to New York?

Mr. LEISERSON. Similar to New York. I operated them, as well as regulating the private labor agencies. Part of the duties under each of the acts setting up the employment service was to study other measures for dealing with unemployment besides these questions. Of

course, in a general way I have studied unemployment also because of my professional work as Professor of Economics at Antioch College in Ohio, in Yellow Springs, Ohio.

Mr. TREADWAY. When did you leave Wisconsin?

Mr. LEISERSON. I left Wisconsin in 1915.

Mr. TREADWAY. You were there only a year?

Mr. LEISERSON. No, sir; I came back to work on the bill. I started in 1911.

Mr. TREADWAY. That is immaterial; I just wanted to get your expert experience.

Mr. LEISERSON. During that time, I went to work with the United States Commission on Industrial Relations appointed by President Wilson. I had charge of the unemployment study for that commission. They made their report in 11 volumes.

Then, during the war, I went with the United States Employment Service and helped to organize that all over the country. Right after the war I became the arbitrator in the men's clothing industry under an agreement between the organization of employees and the manufacturers in Rochester. From Rochester I went to New York, to Baltimore, and then Chicago, organizing the labor relationship between them on the basis of mutual agreements and the arbitration of all disputes. I was the arbitrator, the "impartial chairman", as they call him of those adjustment boards. We are constantly dealing with all the problems of employment and unemployment. I was in that position in Chicago when the first unemployment insurance scheme set up jointly by all of the clothing manufacturers of Chicago and 30,000 employees was set up on a voluntary basis.

Mr. TREADWAY. How long have you been at Antioch?

Mr. LEISERSON. Since 1926. I have continued in this work on a part-time basis.

Mr. TREADWAY. The reason I am asking these questions, Professor, is to get a better idea of what you consider as expert opinion.

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. I can see from the theoretical viewpoint that you are a complete expert, well worthy of the position you now hold, and if not in the "brain trust", deserving to be there. But I am interested in another angle of this matter having to do with the practical industrial side, the fellow that has been out in the mill, the fellow that has grown up in the business. We have not had many witnesses of that type here. We have not had any, I think, up to date. They have been of your general make-up, expert from the theoretical viewpoint.

Mr. LEISERSON. Your assumption is that I never worked for my living, but I worked in shops.

Mr. TREADWAY. You work with your brain. I am looking for some of those that work with their hands.

Mr. LEISERSON. I worked with my hands very much. From 1914——

Mr. TREADWAY. Well, to get away from personal opinions, this Technical Board of which you are a member is made up of men if not with all the qualifications you have, at least some of them, is it not?

Mr. LEISERSON. I think so.

Mr. TREADWAY. Of the same general character, that is what I am getting at.

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. Not the industrial man at all?

Mr. LEISERSON. If you mean as to whether they were employers or employees, no.

Mr. TREADWAY. They are college professors, largely; along that line?

Mr. LEISERSON. But the Advisory Council, whose list you have right before that, are only what you call "practical men." You see, those are entirely of that character.

Mr. TREADWAY. We are looking at this Technical Board for the moment. Never mind this Advisory Council.

Mr. LEISERSON. It was designed only to be a technical board in that sense.

Mr. TREADWAY. What I am coming to is, what part of the bill we have before us did you draft or help draft?

Mr. LEISERSON. I worked entirely on this unemployment insurance part of it.

Mr. TREADWAY. Is this your language in here?

Mr. LEISERSON. No; I did not write the exact words.

Mr. TREADWAY. Who drafted that part of the bill?

Mr. LEISERSON. It was drafted by a good many of us together. Some of the paragraphs I wrote and some others wrote. We sat around the table and worked on the language, much as you would. Then we would instruct one of the staff that was working for the committee to go out and type it out and come back, and then we would work it out.

Mr. TREADWAY. That describes one of the faults I find with the bill. I am for the general subject here of general legislation along this line, but we have gotten put together here a bill under 8 different titles, trying to do 8 different things. We ran into the fact here this morning that care of children and cripples and mothers had nothing to do with the people interested in public health. Now, as you say this section is drafted here, you and 25 other men and women have put in a sentence here and there.

Mr. LEISERSON. There were not that many. We had a subcommittee on unemployment insurance composed of about six people, and we worked on that. I can say that I agree to everything that is in on that unemployment insurance part. But aside from that, I cannot——

Mr. TREADWAY. You admit that the old-age feature does not come under your line? You do not know much about that part?

Mr. LEISERSON. No; I did not work on it. I know something about it because I have been interested in it, but I was not on the subcommittee on old age.

Mr. TREADWAY. But have all these other details, these eight different titles in this bill, been put together in somewhat the same way that you are telling us that your particular one was?

Mr. LEISERSON. Yes, sir. This Technical Board met and then decided we were dealing with the problem of social security. "Let us subdivide ourselves into subcommittees, one on old age, one on unemployment insurance, one on health, and so on." Some of us were on two committees.

Mr. KNUTSON. Did you draw lots to determine on which subcommittee you would be?

Mr. LEISERSON. No, sir. We decided it on the basis of the things that we knew most about.

Mr. TREADWAY. Are there men and women on your Technical Board that know just as much about other subjects as you do about this unemployment?

Mr. LEISERSON. Yes, sir; very much so.

Mr. TREADWAY. You are the first—well, possibly there has been one other before us, I think Mr. Lattimer, and he is the chairman of the old-age committee——

Mr. LEISERSON. Yes, sir; he headed up the old-age committee.

Mr. TREADWAY. Who headed up public health and child welfare and all that? In other words, where do we get this bill from? That is what I would like to know. We have had a good deal of discussion at various times about other measures that do not seem to have any parentage. I would like to know who the parents of this measure are.

Mr. LEISERSON. I do not see why there should be any difficulty——

Mr. TREADWAY. There ought not to be, but there is.

Mr. LEISERSON. I cannot tell you from this list who headed up the public-health committee, but there was a health committee and an old-age committee and a relief committee and an unemployment insurance committee. You certainly ought to be able to get it.

Mr. TREADWAY. You did not have a tax committee, did you?

Mr. LEISERSON. Yes, sir.

Mr. TREADWAY. Are the taxpayers in there, too?

Mr. LEISERSON. Yes, sir; very much so.

Mr. TREADWAY. The taxpayers?

Mr. LEISERSON. Yes.

Mr. TREADWAY. On your committee?

Mr. LEISERSON. I think I pay some taxes; pretty heavy ones.

Mr. TREADWAY. You have not written that clause, anyway. However, if you have, how much is this bill going to cost if enacted into law as submitted by our chairman here on the 17th of January, 2 weeks ago?

Mr. LEISERSON. I can tell you on the question of unemployment insurance that we are trying to have it cost the Government nothing. We are trying to make it on the basis that industry should pay its charges for unemployment. Now, a 3-percent fund will bring you about $600,000,000. Ordinarily it will bring you about 800 or 900 million.

A prosperous year like 1929 it will bring you a little over a billion. I told you I did not work on the others, but there are men who work on the others who could make the same estimates for you on the others.

Mr. TREADWAY. Mr. Witte made that same estimate, and he estimated a good many others because he was the general manager.

Mr. LEISERSON. He was the general man.

Mr. TREADWAY. Is he the clearing house for the whole outfit?

Mr. LEISERSON. He was the director of the committee.

Mr. TREADWAY. All right, Mr. Chairman; I think that is all.

Mr. DUNCAN. Assuming that each State is permitted to pass its own unemployment insurance law, with few industrial activities in Kansas and a very considerable number in Missouri, what in your opinion would be the likelihood of a shift of the people from Kansas into Missouri with the thought that they might ultimately come within the provisions of a more favorable act in an industrial State or industrial centers?

Mr. LEISERSON. I think that if the State of Missouri enacted the law, and the State of Kansas did not enact the law, there would be a tendency on the part of the employees to want to go to the State where they got better protection. However, their possibility of coming under the law would depend on their ability to get a job in the State. On the other hand, when the employers of the State of Kansas see that they have to pay the 3-percent tax anyway, the purpose of this Wagner-Lewis bill is, very frankly, to lead those employers to join the employees in establishing a similar law, since they have to pay it anyway, and avoid this paying of the tax and moving of the people to other States.

Mr. DUNCAN. It would be an inducement to every State to provide such a system of unemployment insurance?

Mr. LEISERSON. Yes.

Mr. THOMPSON. I would like to ask the Doctor what his opinion is as to the real benefits that will accrue to the men employed generally in the building trades under this unemployment-insurance plan, keeping in mind that men generally employed in the work have different employers, as many as 25 or 30 throughout the year. A contractor gets a building and he hires all the bricklayers and carpenters he can until the job is done. Then they may be loafing 3 or 4 weeks and then work for some fellow down the street. What benefit is he going to get out of this?

Mr. LEISERSON. The building trades will get exactly the same benefit as any other industry. However, the mere fact that you work for many employers does not make any difference, because every time you work for an employer a contribution is made by the employer. So the fact that you had 1 employer or 30 would not make any difference. The important thing in the building trades is that it is a seasonal industry. Although they work for a good many employers, they might not have more than 8 or 9 months of employment in the whole year.

Mr. THOMPSON. That would be strong, I might say.

Mr. LEISERSON. There might be only 7. There is a provision in most of the State bills—of course, this Federal law does not go into this because the Federal law is designed only to collect this tax in order to get the States to enact certain laws—but most of the State bills would do this, and you will find it in the New York State bill and in the Ohio bill. Seasonal industries do not insure for the full 12 months. It provides that the base number of the employers in every seasonal industry shall be taken. You take 8 months or 9 months, or whatever is the base number in seasonal industries. Then you provide for the unemployed within that seasonal year. You do not provide for the unemployment beyond that seasonal year. That is the way that thing is handled in seasonal industries. So that if a man loses time in between a lot of jobs, and the building season might be 9 months or 10 months, but he only works 8 months, then he would get insurance as between the 8 and 10 months, but not for the full 12 months.

Mr. THOMPSON. It is put on the same basis as compensation insurance is paid, then, in case of serious injury while employed?

Mr. LEISERSON. Yes, sir.

Mr. KNUTSON. Doctor, on page 10, the definition of "dependent children"; were you on that subcommittee that dealt with dependent children?

Section 203:

As used in this title, "dependent children" shall mean children under the age of 16 in their own homes, in which there is no adult person, other than one needed to care for the child or children, * * *.

And over on page 12, subsection (d):

An annual statement of the number of dependent children whose mothers are receiving aid or are on the waiting list therefor under the State plan for aid to dependent children.

I was wondering whether those two paragraphs were drawn by two different committees.

Mr. LEISERSON. I do not know. I was not on the committee on dependent children. I ought to be. I have seven of them. But I was not on that committee.

Mr. KNUTSON. Are you speaking boastingly or just for the information of the committee?

Mr. LEISERSON. Boastingly. I was not on that committee. But Miss Lenroot is here, who was on the committee.

Mr. KNUTSON. Miss Lenroot was on yesterday. That probably should be cleared up.

Miss LENROOT. Yes; it should be cleared up. It is a discrepancy.

The CHAIRMAN. We thank you, Doctor, for the excellent statement you have made.

The committee will now take a recess until 10 o'clock tomorrow morning. The first witness to be heard in the morning will be the Attorney General of the United States.

(Whereupon, at 4:30 p. m., Jan. 28, 1935, an adjournment was taken until 10 a. m., Jan. 29, 1935.)

×